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DEPARTMENT OF NATIONAL DEFENCE

DEPARTMENTAL PERFORMANCE REPORT 2010-11

Part III - Estimates

Canada

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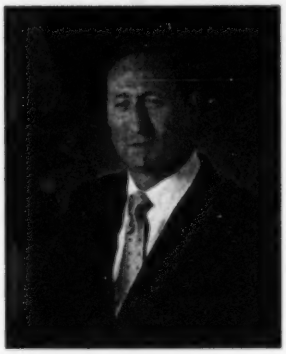
MINISTER'S MESSAGE



I am proud to present the 2010-11 Departmental Performance Report for the Department of National Defence and the Canadian Forces (DND/CF)[1].

Defending Canada and Canadians is the top priority of National Defence and the Canadian Forces. In 2010-11, the CF continued to monitor Canada's air and maritime approaches, conducted domestic operations across the country, and demonstrated Canada's Arctic sovereignty through activities such as Operation NANOOK. We supported civil authorities in securing the G8 leaders' summit in Huntsville and the G20 summit in Toronto, helped respond to the effects of Hurricane Igor in Newfoundland and Labrador, and aided stranded motorists in Southern Ontario when a massive snowstorm affected that region in December 2010.

National Defence worked closely with the United States, our closest ally and defence partner, in the defence of North America. For example, we cooperated with the United States through North American Aerospace Defence Command (NORAD), conducted common exercises and training to ensure the continuing interoperability of our militaries, and engaged in high-level meetings and staff talks that enabled us to explore potential new areas of cooperation. We are also partners with the US in counter-narcotics operations in the Caribbean and East Pacific through the Joint Inter-Agency Task Force - South. Under Operation CARIBBE, CF warships deployed to the region, helping to meet the security challenges of the world's longest coastline.

The CF made a tremendous contribution to international security. We continued our historic role as part of the International Security Assistance Force (ISAF) in Afghanistan, helping Afghans rebuild their country as a stable, democratic and self-sufficient society that is no longer a safe haven for terrorists. We also began preparing for our new non-combat training mission that will build on Canadian Forces experience in training Afghan National Security Forces, thereby preparing Afghans to assume responsibility for their own security and sovereignty.

While preparing for the mission transition in Afghanistan, we remained ready to deploy elsewhere around the world if requested to do so by the Government of Canada. Our high level of readiness was demonstrated through the participation and leadership of the CF in the multinational response to the crisis in Libya, including evacuation operations and the protection of civilians.

Over the past year, thirteen CF members lost their lives in the line of duty in Afghanistan, with a total of 157 over the course of the combat mission, while many other men and women in uniform were injured. National Defence recognizes the enormous sacrifices made by our armed forces and has continued to improve the care offered to injured and ill CF personnel, our veterans and their families. At the same time, we have continued to recruit and train Canada's brightest individuals into the CF and the department's civilian workforce.

While modernizing the CF and its capabilities, National Defence has emphasized the responsible management of resources. In line with Government priorities, we have continued to seek new ways to maximize the effectiveness of every dollar invested in the four *Canada First* Defence Strategy (CFDS) pillars of personnel, equipment, readiness and infrastructure. Our investments have generated economic activity and jobs in Canadian communities.

Canadians are proud of the work done by the CF and the Department of National Defence, from helping those in need at home to projecting our values and advancing our interests abroad. It is an honour to serve as Minister of National Defence and present the achievements of this great national institution to Parliament and Canadians.

Original signed by:

The Honourable Peter MacKay, P.C., M.P.
Minister of National Defence

SECTION I: DEPARTMENTAL OVERVIEW

Introduction

The Defence Team Mission is to provide combat-capable, multi-purpose forces for employment both at home and abroad to protect Canada and Canadians, and to deliver strategic effect for Canada. To accomplish this, Defence must be agile, flexible, affordable and resilient. We recruit, generate, employ and sustain world-class forces that work cohesively to advance Canadian interests and to maintain our reputation as a trusted and relevant partner at home and abroad.

Defence must be sustainable while serving the national interest. Our core responsibility is to succeed in operations while providing an affordable program of activities, preparing for future operational challenges and caring for our military members and their families.

The following recurring themes and challenges are highlighted within the report and outline the focus of our activities for the 2010-11 reporting period:

- Caring for our people;
- Implementing the *Canada First* Defence Strategy and ensuring success in domestic, continental and international operations; and
- Contributing to the security and economic prosperity of Canadian society.

The ever-evolving global security environment continues to occupy the international agenda. Challenges include global terrorism, varying degrees of involvement in regional conflicts around the world, insurgencies, weapons proliferation (both of mass destruction and conventional), piracy, and, increasingly, cyber attacks. While all of this is within the context of global financial uncertainty, the Defence Team continues to adapt, and continues to be prepared to meet these challenges.

Raison d'être and Responsibilities

The *National Defence Act*[2] establishes the Department of National Defence (DND) and the Canadian Forces (CF) as separate entities, operating with an integrated National Defence Headquarters, as they pursue their primary responsibility of providing defence for Canada and Canadians.

On behalf of the people of Canada, Defence stands ready to perform three key roles:

- Defend Canada - by delivering excellence at home;
- Defend North America - by being a strong and reliable partner with the United States in the defence of the continent; and
- Contribute to International Peace and Security - by projecting leadership abroad.

The Defence mandate is carried out with the support of a group of related organizations and agencies within the portfolio of the Minister of National Defence. For further details on selected Defence Portfolio organizations, please refer to *Section IV: Other Items of Interest – Selected Defence Portfolio HR and Financial Resources*. For further information on the legislative framework within which Defence operates, please see *Section IV: Other Items of Interest – Legislative Environment*.

The Departmental Performance Report (DPR) for fiscal year (FY) 2010-11 is based upon the following foundational elements:

- The Defence Program Activity Architecture (PAA), which defines strategic outcomes and program activity areas and provides the planning, management and reporting structure for Defence;
- The *Canada First* Defence Strategy (CFDS), which mandates specific core missions and capability investments;
- The Defence Priorities for FY 2010-11, which identify specific commitment areas within Defence to which additional effort and resources were allocated to mitigate risks and thus enable the delivery of the Defence mandate; and
- The Corporate Risk Profile (CRP), which documents the key risks impacting Defence activities and their associated mitigation strategies.

Strategic Outcomes and Program Activity Architecture

Within Treasury Board Secretariat's Policy on Management, Resources and Results Structures[3] (MRRS) for planning, management and reporting, the Program Activity Architecture[4] (PAA) sets out the strategic outcomes that reflect the Department's mandate and vision. While the PAA inventories activities undertaken by the Department, the strategic outcomes indicate the planned benefits arising from these activities.

Defence's four strategic outcomes, each supported by related program activities, are:

- Defence Operations will improve Peace, Stability and Security wherever deployed;
- National Defence is Ready to meet Government Defence Expectations;
- Resources are Acquired to meet Government Defence Expectations; and
- Care and Support to the Canadian Forces and Contribution to Canadian Society.

Each Defence Strategic Outcome and Program Activity has aligned to it relevant Defence Priorities and Corporate Risks, and is aligned to a Government of Canada Outcome Area. For further information, please refer to *Strategic Outcomes* in the *Performance Summary* area of this section.

For a full illustration of the Defence PAA, please refer to *Section IV: Other Items of Interest – Defence Program Activity Architecture*. For descriptions of Defence strategic outcomes and associated program activities, please refer to *Section II: Analysis of Program Activities by Strategic Outcome*.

Risk Analysis

A core facet of Defence planning and conduct of operations is the identification and mitigation of risk. The extensive involvement in Afghanistan and other foreign missions, along with the substantial domestic commitments in the Arctic, continued to test the Department's capacity. Defence's exemplary achievement of these tasks underscored the Department's flexibility and determination to succeed in the face of limited operational resources.

Considerable effort has been expended to develop and document the plans and measures to mitigate the key challenges that impact Defence's ability to meet its mission. The following three areas of risk, which were also highlighted in the 2010-11 Defence Priorities, reflect the critical areas of focus for Defence during 2010-11:

Key Corporate Risks	
Risk	**Action**
Defence Team Capacity	Priority is being placed on achieving the right balance and composition of the Defence workforce, with a strong focus on ensuring the framework is in place to effectively manage personnel
Canadian Forces Reconstitution	Plans for the transition of our mission in Afghanistan, including the redeployment and reconstitution of resources, are being developed, along with the determination of the CF readiness posture post-2011
Investment Plan Flexibility	Efforts continue to ensure that there is sufficient flexibility to respond to emerging requirements in a timely fashion and to manage changes to costs over time

To support the accomplishment of its mandate, Defence continued to develop and implement a strong risk management framework that is being integrated into the departmental resource planning and business management processes. Coupled with performance measurement, the concepts of risk and opportunity are being embedded as key inputs to senior leadership decision-making.

Performance Summary

In FY 2010-11, the CF successfully conducted a range of missions at home and abroad in the defence of Canada and Canadians, in collaboration with our whole-of-government and international partners. Defence helped keep Canadians safe at home by assisting domestic law enforcement agencies in securing major international events and dealing with illegal migration on the west coast. The CF lent a helping hand to Canadians in need when the Government of Newfoundland and Labrador requested assistance in dealing with the aftermath of Hurricane Igor. Defence also continued to support multinational drug interdiction operations in the Caribbean and East Pacific, helping disrupt the flow of illicit drugs to Canadian communities.

The CF made a significant contribution to international security. We continued to participate in the International Security Assistance Force (ISAF) in Afghanistan, where the CF conducted counter-insurgency operations in Kandahar province while at the same time preparing for its new role of training the Afghan National Army (ANA) and Afghan National Police (ANP). Our close cooperation with US forces and other domestic and international partners increased security and enabled governance and development to move forward, particularly in the Panjwai and Dand districts of Kandahar. The CF also demonstrated a high level of readiness to deploy elsewhere around the world if requested to do so by the Government of Canada, as evidenced by our participation in the NATO-led Operation MOBILE in Libya. This operation included evacuation efforts and participation in the multinational response to the crisis in Libya, aimed at the protection of civilians through the establishment of a No Fly Zone and an arms embargo.

Defence also continued the modernization of the CF by advancing numerous key projects while seeking new efficiencies. In FY 2010-11, Defence invested $2.5 Billion in capital acquisitions to obtain or renew core CF combat capabilities and equipment platforms, including the acquisition of Hercules C130-J aircraft and Leopard 2 tank chassis, as well as the advancement of the HALIFAX class frigate modernization. At the same time, new efficiencies such as defence information technology (IT) modernization helped ensure that departmental resources remained focused on the key priorities that enable CFDS. Through these and other activities, Defence has continued to meet the defence expectations of the Government of Canada and Canadians.

Financial Resources

Financial Resources ($ thousands)			
	Planned Spending	**Total Authorities**	**Actual Spending**
Capital Spending (included in Departmental Spending)	5,499,442	5,311,275	3,807,286
Departmental Spending	21,827,387	22,754,618	20,298,257

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Human Resources

Human Resources Summary (Full-Time Equivalent - FTE)[5]			
	Planned	**Actual**	**Difference**
Regular Force	67,742	68,251	509
Primary Reserve (Class C)	1,600	967	(633)
Total Military	**69,342**	69,218	(124)
Total Civilian	**30,355**	**28,558**	**(1,797)**
TOTAL	**99,697**	**97,776**	**(1,921)**

Sources: Vice Chief of the Defence Staff Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources – Civilian) Group

Notes:

1. Class A and B Reserve Force FTE numbers are calculated using a different methodology, and are not included in this table. Further information on Primary Reserve Expenditures can be found in *Section IV: Other Items of Interest - Reserve*.
2. Civilian figures include Communications Security Establishment Canada, National Search and Rescue Secretariat, and the Office of the Ombudsman.

Strategic Outcomes

Strategic Outcome: Resources are Acquired to meet Government Defence Expectations							
Performance Indicators				**Targets**		**2010-11 Performance**	
Performance against CFDS as measured by Investment Plan and Business Plans				100%		Somewhat Met[6]: Actual 60%	
Program Activity		**($ thousands)**					**Alignment to Government of Canada Outcomes**
		2009-10 Actual Spending	**2010-11**				
			Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	
Defence Science and Technology	CS	17,710	40,528	40,528	31,615	32,996	An innovative and knowledge-based economy
	DS	367,015	368,370	369,004	371,965	384,947	
Recruiting of Personnel and Initial Training	CS	2,473	9,338	9,338	9,338	4,871	A safe and secure world through international cooperation
	DS	1,205,863	604,741	604,909	662,437	1,117,863	
Equipment Acquisition and Disposal	CS	2,353,544	3,099,303	3,415,763	3,232,044	2,528,130	A safe and secure world through international cooperation
	DS	2,639,404	3,239,677	3,556,832	3,382,768	2,779,775	
Real Property and Informatics Infrastructure Acquisition and Disposal	CS	347,572	580,051	877,460	796,986	371,264	Strong economic growth
	DS	385,299	651,440	948,962	859,598	414,945	
Total Spending	**CS**	**2,721,299**	**3,729,220**	**4,343,089**	**4,069,984**	**2,937,261**	
	DS	**4,597,581**	**4,864,228**	**5,479,708**	**5,276,769**	**4,697,531**	

Sources: Vice Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Strategic Outcome: National Defence is Ready to meet Government Defence Expectations							
Performance Indicators				**Targets**		**2010-11 Performance**	
% Readiness level for Maritime, Land and Aerospace combined				100%		Mostly Met: Actual 99.6%	
Program Activity		**($ thousands)**					**Alignment to Government of Canada Outcomes**
		2009-10 Actual Spending	**2010-11**				
			Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	
Maritime Readiness	CS	27,323	35,104	35,104	35,104	45,506	A safe and secure world through international cooperation
	DS	2,088,812	1,975,937	1,977,912	2,045,146	2,164,323	
Land Readiness	CS	31,323	114,474	114,474	114,474	65,054	A safe and secure world through international cooperation
	DS	3,364,302	4,047,080	4,049,320	4,202,136	3,350,735	
Aerospace Readiness	CS	28,488	24,796	24,796	88,047	39,844	A safe and secure world through international cooperation
	DS	1,780,296	2,269,753	2,270,696	2,418,089	1,781,696	
Joint and Common Readiness	CS	100,443	170,407	191,113	202,444	128,520	A safe and secure world through international cooperation
	DS	2,057,936	2,181,823	2,204,212	2,342,339	2,187,920	
Total Spending	**CS**	**187,577**	**344,781**	**365,488**	**440,069**	**278,924**	
	DS	**9,291,345**	**10,474,593**	**10,502,139**	**11,007,710**	**9,484,674**	

Sources: Vice Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Strategic Outcome: Defence Operations will Improve Peace, Stability and Security Wherever Deployed							
Performance Indicators				**Targets**		**2010-11 Performance**	
% Effects Achieved (aggregate for all commands)				100% of intended effects achieved		Mostly Met: Actual 93.3%	
Program Activity		**($ thousands)**					**Alignment to Government of Canada Outcomes**
		2009-10	**2010-11**				
		Actual Spending	**Main Estimates**	**Planned Spending**	**Total Authorities**	**Actual Spending**	
Situational Awareness	CS	89,022	136,164	136,164	154,348	192,657	A safe and secure world through international cooperation
	DS	667,671	664,479	665,323	695,470	775,516	
Canadian Peace, Stability and Security	CS	13,626	5,757	5,957	6,431	1,908	A safe and secure Canada
	DS	506,058	324,514	383,055	408,705	318,492	
Continental Peace, Stability and Security	CS	2,726	5,352	5,352	5,352	966	A strong and mutually beneficial North American partnership
	DS	193,523	198,434	201,963	199,047	190,987	
International Peace, Stability and Security	CS	270,369	543,334	553,429	541,121	225,196	A safe and secure world through international cooperation
	DS	2,109,578	2,352,720	2,360,997	2,753,496	2,312,846	
Total Spending	**CS**	**375,743**	**690,607**	**700,902**	**707,252**	**420,727**	
	DS	**3,476,830**	**3,540,147**	**3,611,337**	**4,056,717**	**3,597,840**	

Sources: Vice Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Strategic Outcome: Care and Support to the Canadian Forces and Contribution to Canadian Society							
Performance Indicators				**Targets**		**2010-11 Performance**	
% of Public Support for the Canadian Forces				85-100%		Met all: Actual 87%	
Program Activity		**($ thousands)**					**Alignment to Government of Canada Outcomes**
		2009-10	**2010-11**				
		Actual Spending	**Main Estimates**	**Planned Spending**	**Total Authorities**	**Actual Spending**	
Defence Team Personnel Support	CS	18,057	15,580	15,580	15,580	28,327	A safe and secure world through international cooperation
	DS	938,805	636,050	643,219	672,726	906,016	
Canadian Identity	CS	12,748	9,599	9,599	11,099	11,512	A vibrant Canadian culture and heritage
	DS	348,329	346,922	346,994	350,312	353,602	
Environment Protection and Stewardship	CS	966	841	841	3,347	1,585	A clean and healthy environment
	DS	140,235	153,234	152,763	152,458	122,478	
Non-Security Support	CS	89	78	78	78	55	A transparent, accountable and responsive federal government
	DS	7,474	22,179	22,191	22,189	6,479	
Total Spending	**CS**	**31,860**	**26,098**	**26,098**	**30,104**	**41,478**	
	DS	**1,434,843**	**1,158,385**	**1,165,167**	**1,197,684**	**1,388,575**	

Sources: Vice Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Internal Services						
Program Activity		**($ thousands)**				
		2009-10	**2010-11**			
		Actual Spending	**Main Estimates**	**Planned Spending**	**Total Authorities**	**Actual Spending**
Total Spending	**CS**	**26,954**	**63,865**	**63,865**	**63,865**	**128,897**
	DS	**1,055,071**	**1,064,160**	**1,069,036**	**1,215,738**	**1,129,637**

Sources: Vice Chief of the Defence Staff Group / Assistant Deputy Minister (Finance and Corporate Services) Group
DS: Departmental Spending; CS: Capital Spending (included in Departmental Spending) | Due to rounding, figures may not add up to totals shown.

Expenditure Profile

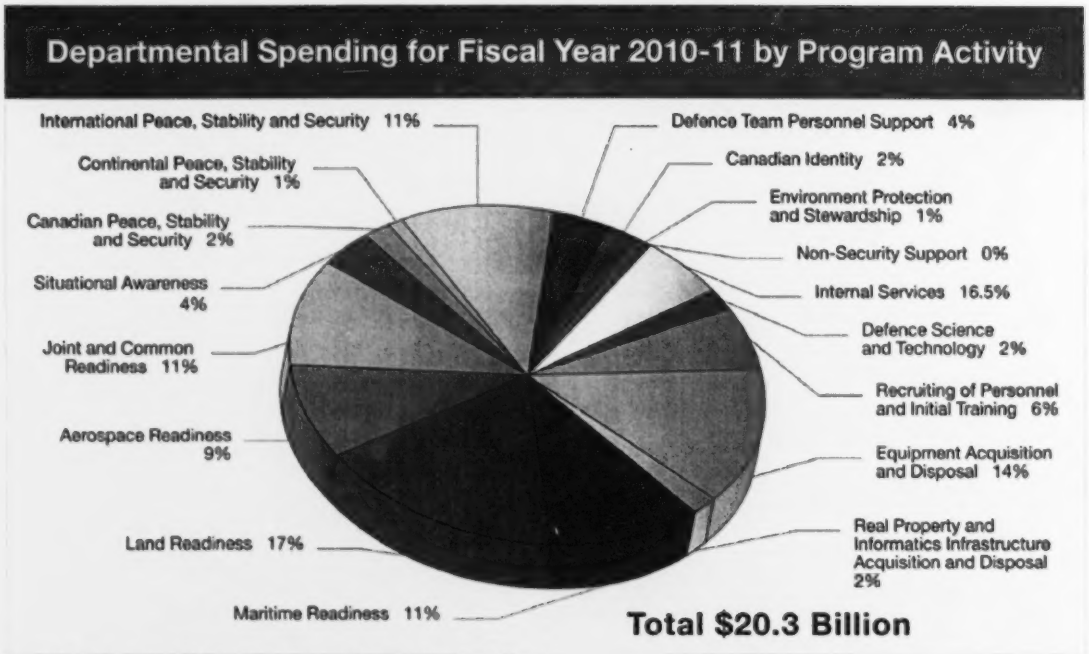
Departmental Spending ($ thousands)					
2008-09	2009-10	2010-11			
Actual Spending	Actual Spending	Main Estimates	Planned Spending	Total Authorities	Actual Spending
19,184,852	19,855,670	21,101,513	21,827,387	22,754,618	20,298,257

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

In FY 2010-11, the Main Estimates were increased through Supplementary Estimates and allotments from Treasury Board by $1,653.1 Million. The differences between total authorities and actual spending of $2,456.3 Million results primarily from: $1,002.3 Million in delays in capital projects, portions of which will be re-profiled to future years in accordance with specific projects' cash flow schedules; $443.5 Million in operating budget carry forward that will be available to Defence in FY 2011-12; $49.3 Million in identified lapses related to security at the G8/20 summits and 2010 Olympics that was not required by the Department; and $950.4 Million in residual lapses. Within the context of capacity challenges to deliver the CFDS program, the $950.4 Million residual lapse, which represents 4.2 per cent of total spending authorities, resulted largely from $490 Million in delays to capital and infrastructure projects. Examples include: Maritime Helicopter Project at $294 Million due to foreign exchange rate fluctuations and project delays; Light Howitzer Project at $106 Million related to vehicle acquisition delays; Unmanned Aerial Vehicle System Project at $35 Million due to changes in operational requirements for the system; and Armoured Personnel Carrier at $53.7 Million due to project delays. In addition, the capital equipment in-service support program realized a spending shortfall of $351 Million owing largely to slippages to scheduled Repair and Overhaul activities, long delivery lead times, changes in Foreign Military Sales payment schedules, changes to the scope of requirements, delays in staffing procurement requirements, time variance in negotiating and awarding contracts and, importantly, capacity challenges for Defence, PWGSC and industry to execute in-service support requirements. Specific examples include general navy sparing at $20 Million; contractor furnished materials for the submarine program at $10M; ammunition for deployed operations at $18 Million; Chinook Helicopter support at $13 Million owing to Foreign Military Sales and Cooperative Logistics delivery delays; Leopard Tank support at $12 Million owing to decreased tank operations in theatre; Land Command Support System at $9.5 Million due to decreased activity levels; and delays in the delivery of spare parts (Wheeled Light Armoured Vehicle at $5 Million, Small Arms at $3.5 Million, Initial Cadre Training at $1.7 Million, Life support equipment spares at $1.5M, Operational Clothing at $1 Million; and CF 188 at $2.5 Million).

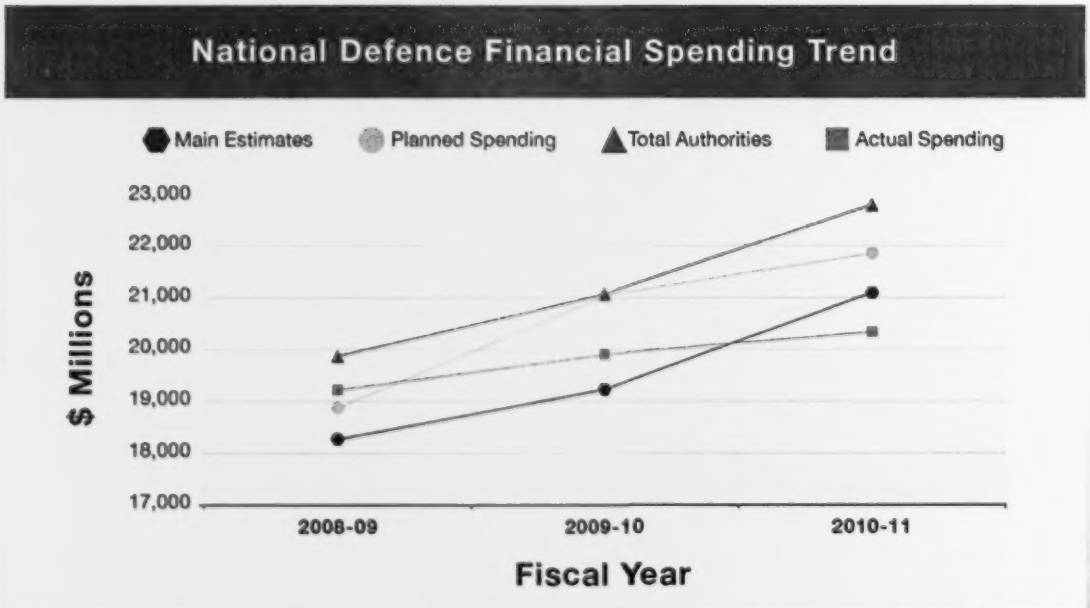
The total spending difference of $442.6 Million between fiscal years 2009-10 and 2010-11 is attributed mainly to an increase of $146.8 Million for military and civilian pay and allowances; $125.3 Million for professional and other services; $286.8 Million increase for construction and acquisition of land and equipment; and a $112.2 Million net increase across other categories of departmental expenditures, which are offset mainly in the following categories: $107.5 Million decrease in travel, transportation and telecom expenditures; a decrease of $64.2 Million in rental of buildings and equipment; and a $56.8 Million decrease in repairs of equipment.

Departmental Spending for Fiscal Year 2010-11 by Program Activity


Departmental Spending for Fiscal Year 2010-11 by Program Activity
International Peace, Stability and Security 11%
Continental Peace, Stability and Security 1%
Canadian Peace, Stability and Security 2%
Situational Awareness 4%
Joint and Common Readiness 11%
Aerospace Readiness 9%
Land Readiness 17%
Maritime Readiness 11%
Defence Team Personnel Support 4%
Canadian Identity 2%
Environment Protection and Stewardship 1%
Non-Security Support 0%
Internal Services 16.5%
Defence Science and Technology 2%
Recruiting of Personnel and Initial Training 6%
Equipment Acquisition and Disposal 14%
Real Property and Informatics Infrastructure Acquisition and Disposal 2%
Total $20.3 Billion

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Financial Spending Trend



Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Notes:
- The "Main Estimates" figure is submitted in December, prior to the start of a new fiscal year. It includes the known approved level of funding for the Department as of October.
- "Planned Spending" provides an update of the Main Estimates information on additional funding approved between October and February, as well as expected funding to be approved in the new fiscal year for which Treasury Board Secretariat has approved disclosure.
- "Total Authorities" represent the final authority as shown in the Public Accounts. This figure represents the final level of approved funding.
- "Actual Spending", also found in the Public Accounts, represents the final spending on a cash basis.

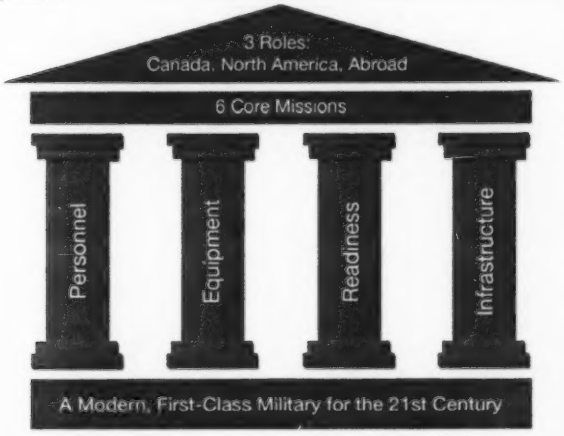
Estimates by Vote

For information on our organizational votes and/or statutory expenditures, please see the 2010-11 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available at http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

The *Canada First* Defence Strategy

To help Defence carry out our roles and responsibilities, the *Canada First* Defence Strategy[7] (CFDS), released in May 2008, outlines what is required to ensure a first-class, modern military that is well-trained, well-equipped and ready to take on the challenges of the 21st century.

To accomplish this, the CFDS provides a 20-year roadmap to modernize the CF with stable and predictable funding that permits long-term planning and investment in four Defence capability areas or pillars:



- Personnel: Expand the CF to a total strength of 100,000 (Regular 70,000/Reserve 30,000) by FY 2027-28;
- Equipment: Renew the CF's core equipment platforms;
- Readiness: Maximize personnel training and equipment availability; and
- Infrastructure: to meet Canada's future defence and security requirements, the Government of Canada intends to replace or refurbish approximately 25 per cent of DND infrastructure holdings within 10 years, with approximately 50 per cent being replaced or refurbished over 20 years.

The CFDS articulates the strategic vision for Defence aligned with the Government of Canada's level of ambition. It outlines six core CF missions in domestic, continental and international contexts:

- Conduct daily domestic and continental operations, including in the Arctic and through North American Aerospace Defense Command (NORAD);
- Support a major international event in Canada such as the G8, G20 and North American Leaders' Summits;
- Respond to a major terrorist attack;
- Support civilian authorities during a crisis in Canada such as a natural disaster;
- Lead and/or conduct a major international operation for an extended period; and
- Deploy forces in response to crises elsewhere in the world for shorter periods.

The Defence Priorities

The Defence Priorities are informed by key corporate risks and represent a focused number of areas where efforts and resources will be directed to mitigate those risk areas and in so doing, address gaps in capability or capacity to enable Defence to effectively carry-out Government direction. To respond to the Government's priorities for Defence and support the activities essential to achieve excellence in our operations and management, the Defence Priorities articulated in the Report on Plans and Priorities (RPP) for 2010-11 were to:

- Deliver Excellence at Home;
- Conduct International Missions;
- Contribute to Whole-of-Government Priorities;
- Strengthen the Defence Team; and
- Enhance Defence Management

Table: Contribution of Defence Priorities to PAA Strategic Outcome(s) and Government of Canada Priorities

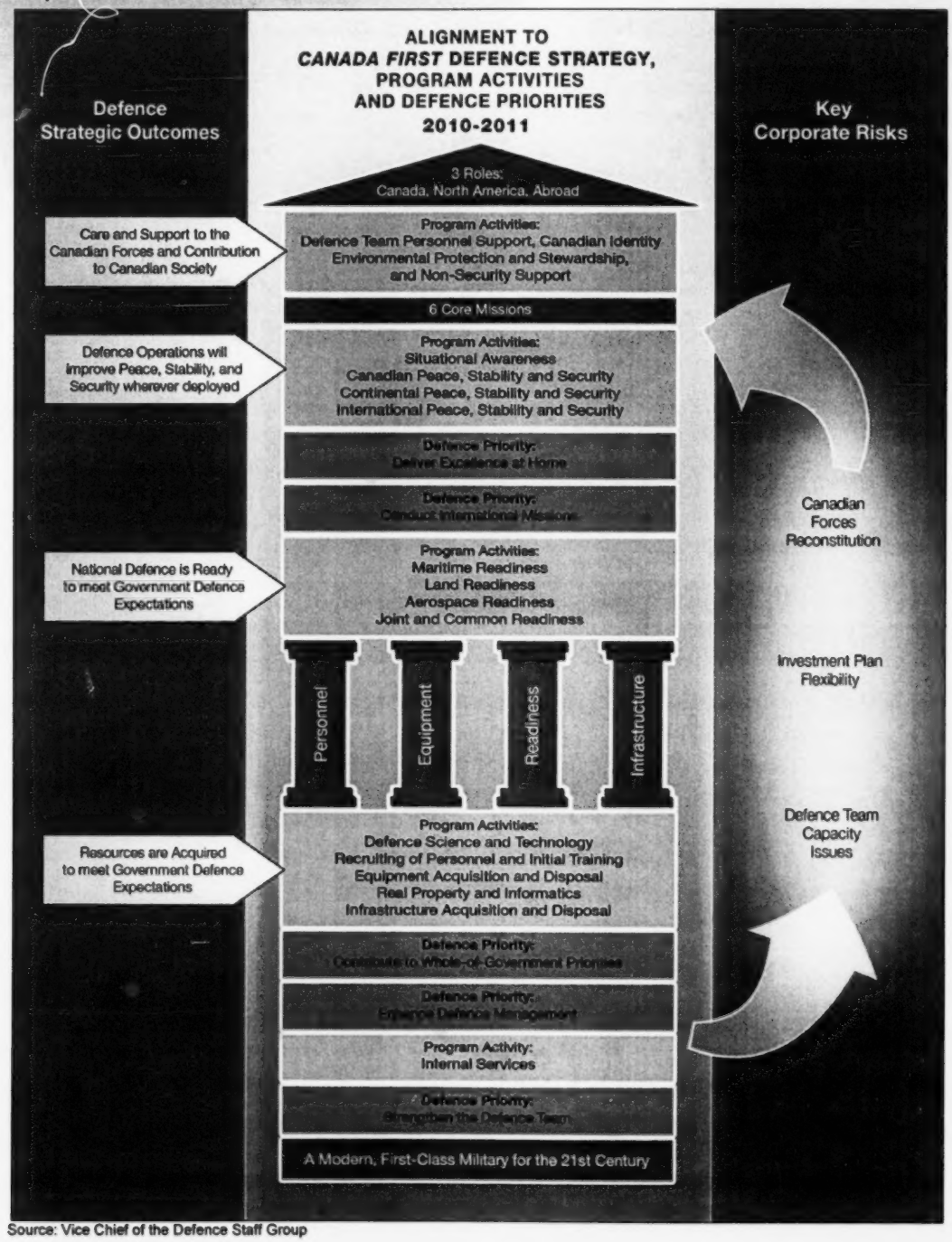
This table illustrates the Priorities for Defence which supported Government of Canada Priorities during the reporting period. The description provides the rationale and outlines the activities for each Defence priority. Performance information, as detailed in Section II of this report, effectively measures the progress of each activity and facilitates a meaningful assessment of how well they have contributed to the achievement of Defence's Strategic Outcomes.

Defence Priority	Type	Links to Strategic Outcome(s)					Description
		Acquire resources to meet Government's Defence expectations	The CF are ready to meet Government's Defence expectations	Increase Peace, Stability and Security	Care for CF and Contribution to Canadian Society	Internal Services	
Deliver Excellence at Home	O		◘	■			CFDS - Maintaining ability to conduct six core missions within Canada, in North America and globally, at times simultaneously ▪ Support to RCMP for G8, G20 and North American Leaders' Summits ▪ Demonstrate Arctic Sovereignty ▪ Complete plan for post-2011 readiness ▪ Conduct maritime, land, and air domestic surveillance of Canadian territories
Conduct International Missions	O		◘	■			CFDS - Maintaining ability to conduct six core missions within Canada, in North America and globally, at times simultaneously ▪ Continue efforts to achieve mission success in Afghanistan ▪ Plan for end of current mandate in Afghanistan ▪ Support to NATO and UN led-missions ▪ Enhance Defence diplomacy activity, especially in the Americas
Contribute To Whole-Of-Government Priorities	O	■			◘		CFDS – Building on the Government's investments in the military ▪ Support Other Government Departments (OGD) in development of National Shipbuilding Strategy ▪ Implement Sustainable Development Strategy ▪ Contribute to Advantage Canada
Strengthen The Defence Team	O	■			◘		Public Service Renewal – Planning, recruitment, employee-development, and enabling infrastructure CFDS – Investing in people ▪ Provide enhanced support to the ill and the injured and to the families of CF members ▪ Advance a comprehensive plan to align and optimise the workforce ▪ Recruit, develop, and sustain personnel to effective strength ▪ Retain and strengthen capacity through succession planning ▪ Continue to build leadership through maximizing personnel potential to meet future challenges ▪ Strengthen continuous learning and professional development
Enhance Defence Management	O	◘				■	CFDS – Strengthening key military capabilities through focused investment in each of the pillars ▪ Improve management of the IP to balance CFDS requirements ▪ Progress Web of Rules[8] within Defence ▪ Support ongoing initiatives to improve Defence Procurement ▪ Integrate risk and performance into Defence management and planning processes ▪ Continue to strengthen the core Control Framework in support of audited departmental financial statements and the implementation of the Policy on Internal Control over financial reporting

Legend: N = New O = Ongoing ■ = Primary ◘ = Secondary

Defence Planning and Performance Reporting Framework

The following diagram illustrates the alignment of Defence's PAA, Risks and Priorities to the CFDS for FY 2010-11. This framework forms the basis for communicating Defence's performance story throughout this repor..



Source: Vice Chief of the Defence Staff Group

SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Department of National Defence Program Activity Architecture

Strategic Outcomes	Program Activities
(Click title to go directly to Outcome or Activity)	
Resources are Acquired to meet Government Defence Expectations	Defence Science and Technology Recruiting of Personnel and Initial Training Equipment Acquisition and Disposal Real Property and Informatics Infrastructure Acquisition and Disposal
National Defence is ready to meet Government Defence Expectations	Maritime Readiness Land Readiness Aerospace Readiness Joint and Common Readiness
Defence Operations will improve Peace, Stability and Security wherever deployed	Situational Awareness Canadian Peace, Stability and Security Continental Peace, Stability and Security International Peace, Stability and Security
Care and support to the Canadian Forces and Contribution to Canadian Society	Defence Team Personnel Support Canadian Identity Environment Protection and Stewardship Non-Security Support
	Internal Services

For a full illustration of the Defence PAA, including sub-activities and sub-sub-activities, please refer to *Section IV: Other Items of Interest* – *Defence Program Activity Architecture*.

Strategic Outcome:
Resources are Acquired to meet Government Defence Expectations

People, equipment, infrastructure, and information technology are the key resources necessary in order for Defence to deliver on our taskings. This strategic outcome outlines the Defence plans for the acquisition of resources.

Program Activity: Defence Science and Technology

This program provides the Government with critical scientific knowledge and innovation to address defence and security challenges and needs. It includes direction setting, program planning, program management, capability management, execution, and assessment. It comprises multi-year projects with activities in research, technology development, analysis and experimentation applied to inform, enable and respond to Canada's defence and security priorities within a 20-year outlook.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	40,528	31,615	32,996
DS	369,004	371,965	384,947
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	81	32	(49)
Civilian	1,713	1,712	(1)
Total	1,794	1,744	(50)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Canadian defence and security operations are benefiting from Science and Technology (S&T) outputs.	Number of S&T outputs used by defence and security operations vs. number planned.	100%	72.3%	Somewhat met
Canadian defence and security priorities are successfully addressed through exploitation of S&T outputs.	Number of S&T outputs used by defence and security priorities vs. number planned.	100%	66.7%	Somewhat met
Canadian defence and security policy development and implementation, and resulting socio-economic impact are enabled by S&T outputs.	Number of S&T outputs used by defence and security policy development, and socio-economic stakeholders vs. number planned.	100%	65.1%	Somewhat met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

Defence's contribution to Advantage Canada is progressing through several initiatives:

- Collaboration is underway with OGDs to leverage new and existing concepts and tools to maximize the economic impact of defence procurement investments on Canadian industry;
- A critical technologies list was created to direct future Industrial Regional Benefits (IRB) in conjunction with Industry Canada;
- The first phase of a Soldier Systems Technology Roadmap was completed with Industry Canada bringing together industry, government and academia in a collaborative environment;
- An innovative framework is being developed through Project ACCORD[9] to allow Defence, industry and academia to work together closely at the early stages of capability formulation to address key development opportunities.

A Major Event Security Framework was devised and delivered to the RCMP providing an enduring capability for managing domestic security events. An after-event review process delivered a far-reaching report to the Privy Council Office (PCO) on lessons learned following involvement in the 2010 Vancouver Olympics and Paralympics and G8/G20 summits.

Overall, good progress on all projects was made, but exploitation of Research, Technology and Analysis (RTA) Project Outputs by some Defence Stakeholders remains a challenge. RTA Projects continue to be well-leveraged with our Allies while falling below target with our other external partners. The Public Security (PS) Science and Technology (S&T) Program has seen improvement due to both better positioning of project outputs for uptake by the PS community, and a more accurate reporting of the leverage indicator.

Scientific studies on vehicle integrity and survivability continue to support the acquisition of new vehicles and improvements to current vehicles, as well as improving interior blast protection for CF members. Defence is conducting more than 50 projects, totaling approximately $15 Million annually, relating to Counter-Improvised Explosive Devices (C-IED), including awareness training, detection, threat evaluation and protection. Some of these projects have led to C-IED capabilities that have since been deployed in Afghanistan. In addition, we continue to work with the Surgeon General on casualty treatment, including completing the fluid resuscitation project[10] (jointly with the US military and civilian trauma centres) and looking at brain injury and post-traumatic stress disorder for assessment and recovery. As a result of improved decision making, improved equipment and vehicles, and improved casualty treatment, there has been a direct reduction in both the number and severity of Canadian casualties.

Lessons Learned

Significant infrastructure planning is required to ensure healthy, safe and secure camp facilities in support of experimentation/operations in northern environments, as is significant logistical support planning (transportation, power, communications). Contingency schedule planning is required due to unpredictable weather conditions. Future scientific operations from ice camps should be avoided, if possible, due to risks associated with extremely unpredictable ice conditions in the Arctic.

Stakeholder engagement is a lengthy but important success factor in the program and policy development process. In addition to program co-formulation, there is a need to have increased commitment from internal defence stakeholders to exploit the outputs of the S&T program.

Good training simulators require the use of realistic human agents, appropriate incorporation of emerging technologies, and training effectiveness validation. A single department or government client champion would maximize exploitation opportunities, as well as ensure that decisions regarding the acquisition and employment of these technologies are evidence-based.

Program Activity: Recruiting of Personnel and Initial Training

This program will promote Defence as a preferred workplace with the general public and enable recruitment of new hires for a broad range of trades and other general, professional scientific occupations. This will involve deepening the Department's connections to educational institutions and Canada's multicultural communities to attract the right numbers and mix of people who have the skills needed to meet the Defence mission. Engaging in effective leadership, strategic planning, and targeted outreach activities will ensure that sufficient personnel are recruited and trained with the needed skills in the appropriate occupations, now and into the future, to meet Defence requirements. This means selecting and enrolling military personnel, and conducting basic recruit and occupational training.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	9,338	9,338	4,871
DS	604,909	662,437	1,117,863
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	14,462	13,410	(1,052)
Civilian	457	509	52
Total	14,919	13,919	(1,000)

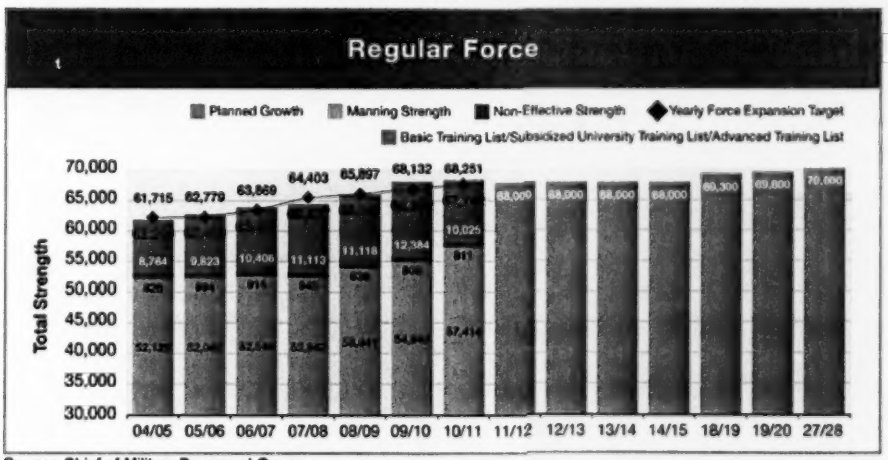
Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Optimize intake today to fill the force structure of tomorrow.	% Achievement against FY Regular Force Expansion (FE) target.	100% of FY Regular FE target	100.7%	Exceeded
	% Achievement against FY Reserve Force Expansion (FE) target (average paid strength).	100% of FY Reserve FE target	103%	Exceeded
	% Deviation of Regular Force attrition forecast vs. actual attrition within a FY.	100% accuracy	89%	Mostly Met
	Year-over-year % improvement in the number of Regular Force occupations that are coded red on the Occupation Status List.	10% reduction per year	116%	Exceeded

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Note: At the time of the preparation of the FY 2010-11 Main Estimates in fall 2009, Defence was transitioning to a new PAA. The majority of spending variance is a result of improvements to the methodology for attributing estimated expenditures under the new PAA that occurred since the FY 2010-11 Main Estimates were prepared. Estimated expenditures for *Recruitment of Personnel and Initial Training* for FY 2010-11 were diffused across programs under both the *Acquisition* and *Readiness* Strategic Outcomes. Although *Recruitment of Personnel and Initial Training* has increased, the majority of the variance is offset by a corresponding decrease in estimated expenditures under the various *Readiness* Program Activities.

Performance Summary and Analysis of Program Activity

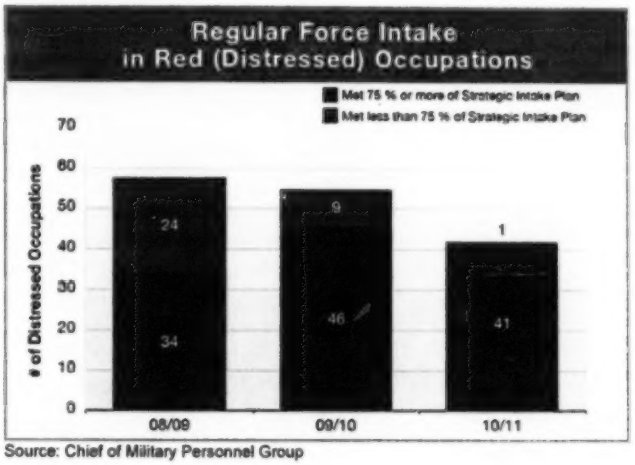
Defence personnel represent a major federal presence in communities across the country and efforts continue to replenish it, in a targeted manner, based on need. Coordinated initiatives aligned to our business needs and fiscal realities are continuing. An aging Canadian population, government policies, and growing competition for skilled talent all affect Defence's ability to renew and strengthen the workforce. Defence itself faces high attrition rates due to impending retirement of its personnel.



Source: Chief of Military Personnel Group

FY 2010-11 was a banner year for recruiting, retention and initial training in the Regular Force, particularly given the stresses placed on the personnel generation system over the last five years – a period of unprecedented force expansion and very high operations and personnel tempo. Year-end total Regular Force strength of 68,251 was slightly above the target of 67,742.

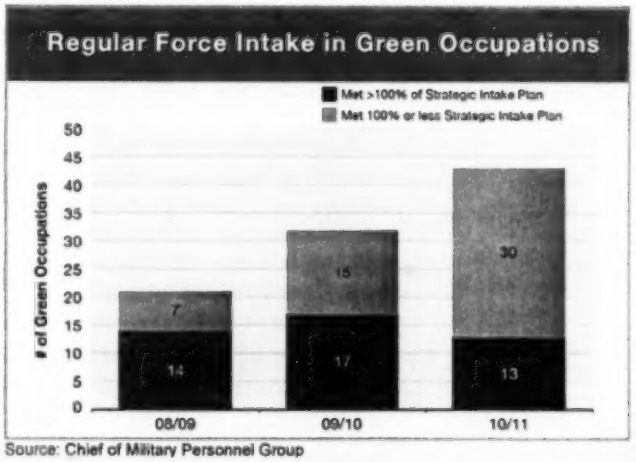
Aggressive recruiting campaigns focused on stressed occupations, particularly professional and technical, have proven largely successful as recruiting targets in FY 2010-11 for most stressed occupations were met. This was supported by exploiting the Geographical Information System (GIS) to focus recruiting efforts. The number of stressed occupations fell for the third straight year and future recruiting operations will continue to address both over- and under-strength occupations, ensuring a balanced force.



Source: Chief of Military Personnel Group

To streamline the component transfer of members of the Reserve Force to the Regular Force, a variety of initiatives, such as a top-down selection process, online applications, and the development of a stand-alone component transfer website were introduced. Processes used for in-service selection were developed, improving the overall CF selection process. In FY 2010-11, all 1,294 component transfer positions were filled.

Significant challenges remain in ensuring that personnel generation achieves the effect of having the *right person* in the *right place* at the *right time* with the *right qualifications*. These range from the overall force being unbalanced with some occupations over-strength, while others are under; the force demographics being skewed as a result of Force Reduction in the mid 1990s; parts of the training system being stressed; and the increased need for advanced occupation training and professional development as personnel recruited to expand the Force during the past six years start to reach key stages in their career progression.

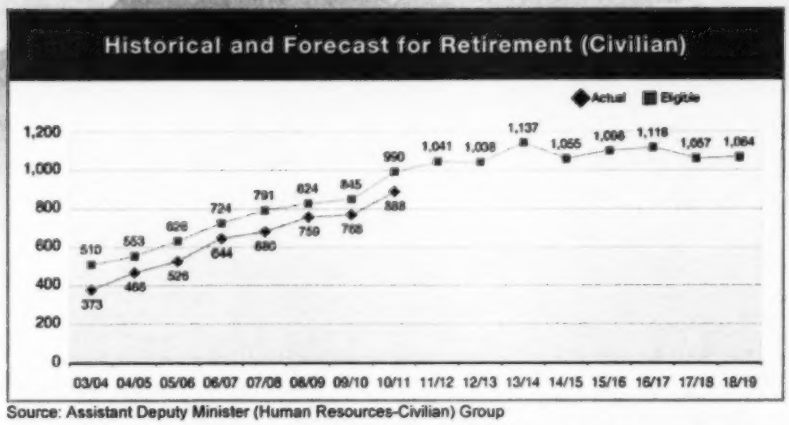


Source: Chief of Military Personnel Group

Measures and processes being put in place to address these challenges include targeted recruiting to focus on the distressed military occupations, the use of occupational control mechanisms directed at over-strength occupations, and the introduction of the Basic Training List Management System. The Individual Training and Education Modernization Project, launched in 2010, will ensure that the CF training system is positioned to respond efficiently to the rapidly evolving needs of learners and technology.

In replacing retirees and responding to increased demands in such stressed skill areas as purchasing, engineering, general labour and trades, financing and health, Defence recruited approximately 1,277 new staff. Of these, 32 per cent addressed shortages within stressed civilian occupations, and nine per cent

utilized student bridging programs. Recruiting the best possible civilian talent to Defence is indispensable to our long-term capacity to serve Canadians.



Source: Assistant Deputy Minister (Human Resources-Civilian) Group

Collaborative work was undertaken to investigate and document labour market availability of occupations critical to the success of the Defence Team, such as Firefighters and Computer Scientists. This research is ongoing and will enable more efficient recruitment in the future, on the part of HR service delivery personnel and managers.

Defence took important and fundamental steps toward advancing its tools and practices to expedite the civilian staffing process and reduce administrative burden. For example, civilian staffing plans were grounded in integrated planning where recruits were matched to previously-identified business needs. Fast tracking of administrative and less complex actions were implemented. This ongoing practice allowed Defence to cast a wider recruitment net and ensure that hiring reflected Canada's diversity. Hiring process improvements to fast-track new talent, such as summer students, and bridging-in of coop students or university graduates were simplified. The evolving changes to the operational tempo as well as the fiscal situation require that care is taken to focus staffing in those areas of highest priority and risk. More information can be found in the *Human Resource Management* section under the Internal Services Program Activity.

Lessons Learned

Defence must continue to develop and improve the way it attracts, recruits, trains and retains people by taking advantage of social networking tools and modernizing training to remain effective and efficient in an evolving environment. Achievement of a renewed and up-to-date personnel management infrastructure (i.e. policies, business processes, and systems) will require defence to expand its usage of collaborative, innovative and knowledge-based work environments across the organization as corporate assets. Defence will also need to embrace new technologies to support improved efficiencies of personnel management operations, and reduce unnecessary rules and reporting.

Defence was challenged with human resources capacity and capability to support new and ongoing business needs, as well as coping with the shifting landscape in which Defence operates. Defence must continue to improve the way it plans, acquires, and invests in talent to remain relevant in an evolving security environment.

Program Activity: Equipment Acquisition and Disposal

This program acquires equipment required for CF operations, including the acquisition of new and replacement capabilities or capital improvements to in-service equipment and disposal of them at the end of their service life.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	3,415,763	3,232,044	2,528,130
DS	3,556,832	3,382,768	2,779,775
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	479	787	308
Civilian	918	846	(72)
Total	1,397	1,633	236

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
The acquisition of equipment and materiel in accordance with the *Canada First* Defence Strategy and IP will provide a solid foundation for the continued modernization and strengthening of the CF.	% of projects on schedule (CFDS).	90% on schedule	63.6%	Somewhat met
	% of projects on schedule (non-CFDS).	90% on schedule	57.1%	Somewhat met
	% of overall planned dollars that are expended (CFDS).	>90% expended	80.6%	Mostly met
	% of overall planned dollars that are expended (non-CFDS).	>90% expended	90.4%	Mostly met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

In FY 2010-11, Defence invested $2.5 Billion in capital acquisitions to obtain or renew core CF combat capabilities and equipment platforms including the Airlift Capability Project – Tactical (ACP-T) (Hercules C130-J aircraft), Leopard 2 chassis, and HALIFAX Class Modernization (HCM).

Defence's acquisition projects will provide a solid foundation for the renewal of the CF's core equipment platforms. The following accomplishments were achieved during the reporting period:

Air

- As of March 2011, the first eight Hercules CC-130J aircraft were accepted and delivered, and approximately 1,400 hours have already accumulated in missions, notably in Libya and Kandahar. In order to accomplish this task the ACP-T completed flight tests, airworthiness and Release to Service processes;
- The Medium-to-Heavy Lift Helicopter (MHLH) project is progressing on budget and on schedule. The Boeing Company successfully completed both preliminary and critical design reviews;
- A contract amendment was signed in June 2010 to allow for the delivery of the first Interim Maritime Helicopter with limited Mission System capability;
- The Government of Canada announced the acquisition of the Joint Strike Fighter (JSF) F-35 in July 2010 to replace its aging fleet of CF-188s;

Land

- The Close Combat Vehicle (CCV) project completed its Solicitation of Interest and Qualification process resulting in a list of Pre-Qualified suppliers, to whom the Request for Proposals (RFP) was released;
- The Light Armoured Vehicle III (LAV III) Upgrade project progressed on budget and on schedule. A contract was awarded for definition, and prototypes have been built and tested. The evaluation of potential upgrade systems is ongoing in order to further define the project;

- The Tactical Armoured Patrol Vehicle (TAPV) project is proceeding on schedule and has successfully completed its Solicitation of Interest and Qualification process, resulting in a list of pre-qualified suppliers. The RFP was released in March 2011 to those suppliers;
- The Medium Support Vehicle System (MSVS) project comprises four components:
  - the Militarized Commercial-off-the-shelf Vehicles, in which Defence accepted the last vehicle in March 2011,
  - the Standard Military Pattern Vehicles, in which Statement of Interest and Qualification results were released in March 2011,
  - The Special Equipment Vehicle Baseline Shelters, in which trials were conducted through FY 2010-11 and completed in May 2011, and
  - the Special Equipment Vehicle Kitting, in which an RFP was released in the spring of 2011;
- The Force Mobility Enhancement (FME) project progressed on schedule. The RFPs for both phases (the vehicle platforms and the implements) were completed and the necessary Leopard 2 chassis were acquired through a bilateral agreement with Switzerland;

Maritime

- The Joint Support Ships (JSS) project was formally re-launched with an announcement by the Ministers from Defence and Public Works and Government Services Canada (PWGSC) in July 2010. RFPs have been issued for studies on two existing ship designs to meet specific CF requirements. In parallel, a contract has been awarded to draft an original design;
- The Arctic/Offshore Patrol Ship (AOPS) project has progressed infrastructure studies and the RFP will be ready to proceed under the National Shipbuilding Procurement Strategy (NSPS);
- The Canadian Surface Combatant (CSC) project has progressed to the pre-definition phase, investigating procurement options while preparing to advance to Project Definition Approval.

Defence has continued to reform procurement, focusing on:

- Continued engagement in consultations with Treasury Board Secretariat (TBS) and PWGSC on a number of measures. Progress has been made in simplifying and streamlining procurement in support of deployed operations as well as high-volume, low dollar-value purchasing;
- Continued minimization of the use of technical specifications, consolidating statements of requirement into concise, high-level, performance-driven documents, resulting in faster, simpler and lower risk procurement of off-the-shelf solutions with lower maintenance and support costs;
- Continued use of the In-Service Support Contracting Framework (ISSCF) to ensure clear accountability for the performance of newly-introduced systems while reducing their costs;
- Significant efforts to increase Departmental ties with industry, from industry days to ongoing engagement and initiatives such as:
  - Development of the Soldier Systems Technology Roadmap;
  - Release of an RFP, with bids received, for the Project ACCORD initiative to create a government-industry centre for capability analysis; and
  - Steady evolution of the NSPS RFP, which was released after extensive consultation with the shipbuilding industry.
- The Project Management Competency Development initiative, which has completed its definition of project management competencies, and has delivered an initial cadre of qualified Project Managers.

In addition, a Project Management Support Office has been established to ensure that specialist oversight, advice and/or support is available to Materiel and IT projects;

- Enhanced technology management by involving Defence, Industry Canada and industry research and development (R&D) co-ordination and co-investment as well as managing intellectual property for shared government and industry benefit. Defence provided the first-ever Critical Technologies List (CTL) to Industry Canada, for the incentivizing of Industrial and Regional Benefits obligors in the alignment of their R&D efforts with Defence's needs. Technologies identified in Defence's CTL are considered to be key to the establishment and sustainment of essential future defence capabilities; and
- In parallel with the initial issue of the CTL and other initiatives such as the NSPS, Project ACCORD, Modernized Munitions Supply Program, and the Soldier Systems Technology Roadmap, work continues toward the establishment of a strategic industrial approach.

Defence continued to focus its efforts on improving the human resource (HR) capacity in support of capital acquisitions. While previous efforts were focused primarily on increasing workforce numbers, there is now a stronger emphasis on increasing capacity in terms of breadth and depth of experience and expertise in order to better address the demands and complexity of the capital equipment program. HR capacity remains one of the top risks to the delivery of the capital equipment program.

Lessons Learned

Through early engagement, Defence can help the defence and security industry better scope/align its resources and investments to ensure Canadian companies are better positioned to win future contracts. Continued efforts in rebuilding a professional project management workforce enable more effective delivery of the Defence Program. Further, stable investments within the context of the NSPS, the clear identification of advanced technologies deemed to be critical by Defence, and other initiatives help to strengthen key sectors of the defence and security industry. This maximizes the economic benefits for Canada and Canadians in line with the Government's broader economic agenda, while ensuring the CF obtains the best possible equipment.

Program Activity: Real Property and Informatics Infrastructure Acquisition and Disposal

This program manages an extensive portfolio of land, works, and buildings required to support the delivery of Defence operations. It aims to ensure that the right real property is acquired and disposed of, and is available where and when needed, while providing value for money, advancing objectives for the greening of government land and buildings, and adhering to best practices for asset life-cycle management.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	877,460	796,986	371,264
DS	948,962	859,598	414,945
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	82	18	(64)
Civilian	62	98	36
Total	144	116	(28)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Defence has a rationalized, relevant, and responsive Real Property portfolio.	Annual reinvestment as a percentage of Realty Replacement Costs.	2.5%	2.5%	Met all
	Percentage of surplus property disposed within 3-year timeframe.	80%	20%	Not met
Capital construction projects are managed in a timely and effective manner.	Percentage of total planned projects reaching completion during the year.	20%	7%	Not met
	Percentage of planned annual funding spent per year.	95%	71.7%	Somewhat met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.
Note: Total Capital construction program expenditures for FY 2010-11 were $509 Million of a planned $710 Million, of which $350 Million was directly attributed to *Real Property and Informatics Infrastructure Acquisition and Disposal* Program Activity, with the remainder attributed to other program activities across the PAA.

Performance Summary and Analysis of Program Activity

A stable funding base has permitted Defence to plan infrastructure expenditure in a more effective and cost-efficient way, allowing industry to respond in a more consistent and effective manner, resulting in more predictable economic opportunities. The variance between the planned and actual spending is due to the complexity of the construction program, market conditions, and delays in approval of projects. Further steps to streamline the project approval process and improve program stewardship in order to achieve efficiencies in the construction program are being taken so that available capital funding can be spent each year.

Defence contributed to the CFDS objective of spending just under 4 per cent of Realty Replacement Cost (RRC) to cover infrastructure maintenance and repair (M&R) and recapitalization requirements. Despite the underutilization of allocated capital construction funding, Defence met its recapitalization expenditure target of 2.5 per cent of RRC in FY 2010-11, completing 7 per cent of the total planned annual capital construction projects, which translates into expenditure of almost 72 per cent of planned annual funding. To maintain the condition of its real property portfolio, Defence has a target of spending 1.4 per cent of RRC on M&R annually. However, it only achieved 1 per cent of the RRC during this fiscal year. In order to ensure future achievement of this target, Defence created a separate fund to improve the monitoring of its M&R spending.

Some examples of completed construction projects include:

- Second training accommodation in Gagetown, NB;
- Common support facility in 12 Wing Shearwater, NS;
- Land Force Quebec Area Training Centre Headquarters at Valcartier, QC;
- CF Aerospace Warfare Centre at Trenton ON; and
- Maritime Pacific Hazmat Facility at Esquimalt, BC.

In line with the CFDS, Defence allocates sufficient resources for future acquisitions to build or upgrade infrastructure associated with new capabilities that are identified in the annual Capital Investment Plan (Infrastructure). For example, requirements are currently being defined for the creation of a berthing and refuelling facility in Nanisivik, as a part of the Navy's AOPS project.

An interdepartmental partnership on the development of a new Arctic Training Centre at Resolute Bay was completed with NRCan in December 2010.

Defence disposed of 20 per cent of its strategic surplus property within the three-year timeframe established in the 2006 Treasury Board Policy on the Management of Real Property. Sites disposed of in 2010-11 included the former CFB Rockcliffe at Ottawa, ON and the military housing site at Oakville, ON. Prior to 2006, Defence did all the due diligence at the beginning of the disposal process and due to external factors associated with the properties such as remediation, litigation, aboriginal consultation, operational requirements and lengthy approval processes, it has taken longer than the three-year timeframe to complete the process for some properties. To mitigate these risks, Defence has started to undertake due diligence on potential strategic surplus properties in advance so that when the time for their disposal comes, Defence will be able to ensure a complete disposal within the three-year timeframe.

Defence continues to implement the Treasury Board Policy on Management of Real Property[11], which requires conservation of the character of federal heritage buildings throughout their life cycle. A Real Property Framework has been developed to manage Defence's heritage portfolio. Defence has also promulgated 100 per cent of required policies on Unexploded Explosive Ordnance (UXO) compliance.

Lessons Learned

By adopting a more corporate approach to management and a stable funding base, Defence is able to have better oversight over both the Construction and Maintenance and Repair (M&R) Programs. Through innovation of the processes and adapting to the new policies of Treasury Board, Defence aims to reduce the red-tape and gain efficiencies in our approval processes and consequently improve delivery of the Real Property Programs.

Strategic Outcome:
National Defence is Ready to meet Government Defence Expectations

This outcome explains how resources are utilized to bring the CF to an appropriate state of readiness, enabling Defence to defend Canada and its interests both domestically and internationally.

Program Activity: Maritime Readiness

This program activity provides Canada with combat-capable, multi-purpose maritime forces. It will generate and sustain relevant, responsive, combat capable maritime forces that are able to respond to a spectrum of tasks, as may be directed by the Government, within the required response time.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	35,104	35,104	45,506
DS	1,977,912	2,045,146	2,164,323

DS: Departmental Spending; CS: Capital Spending (included in DS)

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	6,129	7,510	1,381
Civilian	5,387	4,933	(454)
Total	11,516	12,443	927

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Sufficient naval units are ready to conduct domestic and international operations, up to and including combat operations, as directed by the Government of Canada.	Availability of commissioned ships for deployment.	High and Standard Readiness ships deployed within response times and employable for periods required by the Readiness and Sustainment Policy.	100%	Met all

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

The Navy focused on addressing challenges to the maritime component of the CFDS readiness pillar and to support the personnel and equipment pillars. By mid-decade, owing to on-going fleet renewal activities, the number of hulls available for operations and training will be reduced, which will result in a reduction in overall maritime readiness levels. Mitigation measures are therefore being implemented that will ensure that the associated risk is appropriately managed. For example, bi-coastal personnel coordination centres were created to ensure sailors maintain at-sea competency while frigates undergo HCM, and the establishment of Commander Maritime Training Systems is under consideration to better harmonize initial and pan-navy training.

In FY 2010-11, the HCM/Frigate Life Extension program moved into execution with the first frigate, HMCS Halifax, entering Mid-Life Refit in September 2010. Preparations were well underway for HMCS Calgary and HMCS Fredericton to enter Mid-Life Refit in FY 2011-12 on schedule. The first submarine Extended Docking Work Period (HMCS Chicoutimi) to be conducted by Canadian industry, under the Victoria In-Service Support Contract, commenced in July 2010 as planned. The Extended Docking Work Period contract, scheduling, and performance incentive framework has now been formally established and future Extended Docking Work Periods will benefit significantly from this effort.

Focus was put on meeting Strategic Intake Plan targets for key trades. Close coordination with materiel personnel resulted in improved levels of ships maintenance and ensured capital equipment activities, as part of CFDS, had the necessary personnel capacity to support programme delivery. Finally, Defence updated the prioritization of Naval Materiel Acquisition and Support resources to ensure a focus on activities to maintain operational capacity to deploy today while prioritizing personnel effort towards fulfilling the requirement to design/build the Navy of the future. The benefits of adopting this coordinated approach will ensure that the Navy maintains the agility to deliver maritime effect in support of both international and domestic operations, as evidenced by recent operations in Libya and Newfoundland and Labrador.

Details on the JSS, AOPS, and CSC projects can be found under the *Equipment Acquisition and Disposal Program Activity*, earlier in Section II.

Lessons Learned

The efforts to better align programme delivery with strategic priorities emphasised the need to balance Force Employment capacity with Force Generation and Force Development.

The conduct of industry-led Extended Docking Work Periods has proven to build submarine maintenance capacity within Canadian industry, which frees up naval resources to focus on operating the platforms.

Her Majesty Queen Elizabeth II inspects an honour guard after arriving on the HMCS St. John's for a fleet review of 28 Canadian and foreign warships at anchor in Bedford Basin and Halifax Harbour June 29, 2010, as part of the Canadian Naval Centennial Celebrations.

Program Activity: Land Readiness

This program provides Canada with combat-capable, multi-purpose land forces. It will generate and sustain relevant, responsive, combat capable land forces that are effective across the spectrum of conflict, from peacekeeping and nation-building to war fighting.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	114,474	114,474	65,054
DS	4,049,320	4,202,136	3,350,735
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	17,414	17,471	57
Civilian	6,109	5,039	(1,070)
Total	23,523	22,510	(1,013)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Sufficient land force units are ready to conduct and lead domestic and international operations, up to and including combat operations across the spectrum of conflict, as directed by the Government of Canada.	% of establishment positions filled at units identified for High Readiness.	100% of establishment for: -4 Immediate Reaction Units -Forces identified for Primary and Secondary International Operation commitments -1 Company for Non-combatant Evacuation Operation tasks -1 Company for Disaster Assistance Response Team tasks	98%	Mostly met
High readiness units have completed collective training.	% of units tasked to complete level 5/6/7 training that have completed training.	As set by annual training directive	100%	Met all
Sufficient High Readiness equipment is available for taskings.	% of equipment required for High Readiness tasks that is available.	95-100%	100%	Met all

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.
Note: At the time of the preparation of the FY 2010-11 Main Estimates in fall 2009, Defence was transitioning to a new PAA. The majority of spending variance is a result of improvements to the methodology for attributing estimated expenditures under the new PAA that occurred since the FY 2010-11 Main Estimates were prepared.

Performance Summary and Analysis of Program Activity

A Mission Transition Task Force (MTTF) was established to oversee the transition from Op ATHENA to Op ATTENTION in Afghanistan. A reconstitution plan was issued to coordinate activities that will ultimately recuperate sufficient force and equipment to address readiness requirements. Collaborative efforts within Defence have ensured that platform rehabilitation is synchronised with requirements for training and force generation purposes. Army personnel, equipment and materiel will be recovered and recuperated efficiently, and will subsequently be prepared for future missions in defence of Canadians and Canadian interests.

A reorientation plan has been published, giving detailed guidance as to how the Army will continue to generate combat-effective land force elements at the required states of readiness to meet Canada's defence requirements. Concurrently, planning is well underway to rebalance the Army's Regular and Reserve components. Steps have been taken to institutionalise capabilities developed on recent operations and to embrace the new capabilities offered by the advent of Future Land Combat Systems (FLCS) vehicles and MHLH platforms.

The Army is transitioning from combat operations in Afghanistan to being prepared to meet new operational demands. In order to meet these demands, a series of planning steps are required. First, the Army has determined what structure will be required to meet future threats. This has been explained in

the Force 2013 structure, which in itself will act as a way point for future doctrinal and organisational development as the Army looks towards the wider development of CF 2020. Second, the Army has revised its Managed Readiness Plan (MRP) in order to identify high readiness units over the coming three years. This will drive resource allocation, training priorities and equipment distribution. Third, the Army will be divesting certain obsolescent or obsolete items, and rolling the savings generated from these divestments into the acquisition of the FLCS platforms. Finally, equipment that has been used in Afghanistan for Op ATHENA is being recovered and rehabilitated in order to be available for training in Canada and employment on future operations

Regular and Reserve Force expansion has continued as planned. Concurrently, the Army has taken measures to reduce the numbers of reserve personnel serving in a full time capacity to support the Regular Force. The Reserve Force Funding Model has been reworked to re-establish the emphasis on traditional part-time reserve employment, thereby rebalancing the Army and addressing tactical level leadership shortages.

Lessons Learned

A strategic reconstitution directive should be issued to ensure that activity is co-ordinated across the Department. A clear and agreed understanding of expected readiness levels is essential for the development of plans for equipment fielding and repair, and collective training programmes. A joint and comprehensive approach to planning is necessary if reconstitution and reorientation planning is to be effective and efficient. Army commanders and staff continue to engage with the Air Force and Navy as new capabilities such as MHLH and C-IED are institutionalised, and with OGDs such as NRCan as Arctic capabilities are further developed.

While Regular Force expansion has resulted in the Army having the right number of personnel, they are not distributed through the necessary ranks. The Army is heavy in Privates, Corporals and Lieutenants, but light in Senior Non-Commissioned Officers (NCO), Captains and Majors. The Army has been drawing heavily on the Militia to fill these gaps. It was anticipated that the end of Op ATHENA would result in a lowered demand for Militia augmentation. This is not the case, due to the mid-level leadership bill associated with Op ATTENTION. These are the same ranks which are short in the Army and are required in the training establishments where they preserve the long-term health of the Army. Long range operational planning must be coupled to the Army's personnel plans in order to anticipate shortfalls in high-demand ranks and trade qualifications and to mitigate such spikes in demand.

Program Activity: Aerospace Readiness

This program will provide Canada with combat-capable, multi-purpose air forces. It will generate and sustain relevant, responsive, combat capable aerospace forces that are able to respond to the spectrum of tasks, as may be directed by the Government, within the required response time.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	24,796	88,047	39,844
DS	2,270,696	2,418,089	1,781,696
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	9,290	8,005	(1,285)
Civilian	2,529	2,210	(319)
Total	11,819	10,215	(1,604)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Relevant, responsive and effective Aerospace forces ready to conduct domestic and international operations as directed by the Government of Canada.	% readiness of units (personnel and equipment).	In accordance with the Managed Readiness Plan	100%	Met all

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.
Note: At the time of the preparation of the FY 2010-11 Main Estimates in fall 2009, Defence was transitioning to a new PAA. The majority of spending variance is a result of improvements to the methodology for attributing estimated expenditures under the new PAA that occurred since the FY 2010-11 Main Estimates were prepared.

Performance Summary and Analysis of Program Activity

Defence continued through FY 2010-11 to provide capable, well-trained Air Force personnel to meet Canada's needs both at home and abroad. Deployed forces in Afghanistan continued to provide essential services in-theatre and were supported by an interim medium-to-heavy lift capability, which was composed of a modest number of Chinook CH-147D aircraft. During the reporting period, the CC130J Hercules was employed in domestic airlift operations in the North, in addition to being deployed to operations in Afghanistan and Libya.

The Air Force was able to meet the diverse demands placed on it in the reporting period but training remained impacted by the extended period of high operational tempo. The full magnitude of training shortfalls was identified, leading to action plans to resolve the backlog in critical areas of professional development to be implemented in FY 2011-12. In the area of support to personnel, the Air Force is making great strides in the promotion of fitness and healthy lifestyles for its members and their families. Emphasis has also been placed on support to families by directing that all CF Wings must provide adequate access to family medical care, housing and daycare facilities.

Further details regarding the Maritime Helicopter Project (MHP), the Medium-to-Heavy Lift Helicopter capability (MHLH), and the Airlift Capability Project-Tactical (ACP-T) projects can be found under the *Equipment Acquisition and Disposal* Program Activity, earlier in Section II.

Lessons Learned

Key lessons centered around the importance of fully integrated logistics support, sustainment contracts, and the required focus on aircrew training. The Air Force Lessons Learned Program was formally introduced in 2009 and continues to mature as application becomes more widespread across the full spectrum of activities. The primary focus during the reporting period was on capturing lessons learned and best practices from the Air Wing in Afghanistan in three critical areas: Command and Control; Training and Preparedness; and Capabilities and Equipment as they relate to the Air Force as a whole and as a component of joint and combined operations environments. Additional efforts included lessons learned from both the introduction of the CC177 (to help inform other critical fleet transition activities) and Op HESTIA activities.

Program Activity: Joint and Common Readiness

This program will ensure Defence is ready to operate in a joint capacity, as directed by the Government, to respond to domestic, continental and international demands within the required response time. The program will generate and sustain forces for activities, operations and organizations in which at least two of the maritime, land, or air assets participate.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	191,113	202,444	128,520
DS	2,204,212	2,342,339	2,187,920
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	7,473	7,264	(209)
Civilian	4,477	4,317	(160)
Total	11,950	11,581	(369)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Defence is ready to organize and deploy a combination of two or more environments to meet the needs of assigned tasks.	% readiness of joint units/elements for high readiness.	100%, in accordance with respective Command's readiness plans	100%	Met all

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

In FY 2010-11, the implementation of the Operational Support Hub (OSH) Network extended CF global reach by enhancing the CF's ability to project and sustain forces worldwide. The proof of concept OSH established in Germany has proven valuable. In concert with the Department of Foreign Affairs and International Trade (DFAIT), initial diplomatic engagements have been conducted in seven envisioned regions, with the intent to have pre-arranged access agreements with specific host nations. Pre-arranged access will allow the CF to activate an OSH with a set menu of services and capabilities for the effective and efficient projection and sustainment of forces in response to short-notice events world-wide.

Defence is furthering Canada's strategic aims and ability to effectively take a leadership role in support of the global community through enhanced responsiveness and readiness to participate in disaster and humanitarian relief, non-combatant evacuation, peace support and combat operations. Establishing OSH locations enables Canada to provide a more rapid response in a cost effective and responsible manner.

Defence completed the proof-of-concept exercise, JOINTEX[12] Stage 2, to demonstrate CF technical capabilities to deliver a distributed exercise in a simulated environment. The intent of the exercise was to increase CF competence in joint operations, which included both OGDs and international partners. This maintains momentum developed during our experience in Afghanistan and at home during the Vancouver 2010 Olympics (Op PODIUM) and the G8/G20 conferences (Op CADENCE). This exercise contributed to ensuring that land, maritime, air, and special forces response units, in any combination, will continue to stand ready to assist Canadians at home and abroad when called upon, and are able to deploy rapidly and sustainably as directed by the CFDS. This specifically addresses the capability of Canada to lead a joint, multi-national operation abroad.

The Army established 1 Canadian Division Headquarters[13] as a Joint HQ capable of deploying as the Land Component HQ in a Joint, International, Multinational and Public (JIMP) environment in response to crises across the spectrum of conflict either domestically or overseas. 1 Canadian Division Headquarters in Kingston is an invaluable command and control asset that will allow the CF to respond quickly to emerging crises and to deploy a robust command and staff team that can coordinate activity in a whole-

of-government context in any emerging theatre of operations. This will, in turn, ensure that the CF is better able to meet the needs and interests of Canadians and the Government of Canada.

Special Forces must be poised to deliver the effects needed by the Government of Canada, and Canadian citizens whenever and wherever needed. CF Force Posture is a Chief of the Defence Staff (CDS) Directive for CF Force Generators describing the capabilities required for Force Employers to execute multiple Lines of Operation domestically and internationally, in some instances to execute these simultaneously with defined levels of effort and specified sustainable durations. Special Forces readiness allows the CF to offer the Government of Canada unique capabilities and expanded options to achieve strategic goals.

Lessons Learned

The structure of the OSH Network allows for an effective mechanism to mitigate and minimize disruptions to on-going Canadian missions, thus reducing operational risk.

Sufficient funds and resources were allocated for the development of the 1 Canadian Division Headquarters initiative. A joint project team should be established at the outset of such initiatives to oversee and drive the development of projects and to ensure that joint assets and funding are utilized efficiently.

Strategic Outcome:
Defence Operations will Improve Peace, Stability and Security Wherever Deployed

Defence fulfills three roles for Canadians: defending Canada, defending North America, and contributing to international Peace, Stability and Security. This outcome outlines these Defence roles in the context of the expected level of ambition as articulated in the Canada First Defence Strategy (CFDS).

Program Activity: Situational Awareness

The Government of Canada and Defence require an accurate and timely security picture, and comprehensive situational awareness and threat knowledge for Canada and abroad. This program will provide credible, reliable and sustained intelligence services to Defence in support of decision making and military operations, as well as, support to OGDs in the defence and security of Canada.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	136,164	154,348	192,657
DS	665,323	695,470	775,516
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	1,345	1,584	239
Civilian	2,209	463	(1,746)
Total	3,554	2,047	(1,507)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Canada's national interests are advanced through information and technical advantage, particularly in the security realm.	% of up time 24/7 classified network is available outside maintenance windows (network availability).	100%	99.9%	Mostly met
Situational awareness of the defence, security and international affairs environment is enhanced.	% of reports read out of total number of reports produced.	90%	108.9%	Exceeded

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

One of the projects designed to provide comprehensive intelligence information is Polar Epsilon, which has given Defence the ability to acquire and exploit satellite imagery from Radarsat-2 and other arctic surveillance tools, providing greater maritime awareness. Current work with Radarsat-2 has exceeded expectations and has given Defence a space-based Arctic surveillance capability. This technology has delivered invaluable images of our Arctic lands and waters, contributing to our ability to protect our sovereignty as well as improve the safety of Canadians living in the Arctic through improved weather reporting and emergency response assistance. In addition, Treasury Board granted approval to proceed with the implementation phase of the Marine Security Operation Centres project, which will further improve maritime awareness.

Project Northern Watch is another project providing enhanced situational awareness by placing sensors and devices in the Arctic which, one day, could keep a 24-hour watch for anything traveling on, over or under Canada's Arctic territory. Site assessment and preparation (but no trials) were conducted in 2010 to allow the future deployment of sensors. Full demonstrations of this project are planned for the summer of 2014. The project schedule remains a challenge, with approval anticipated later in 2011. Weather conditions also pose challenges to support and scheduling.

Also, in collaboration with Natural Resources Canada (NRCan) and the Department of Fisheries and Oceans (DFO), Defence successfully deployed an unmanned underwater vehicle (UUV) to collect essential data pertaining to the depth of the ocean floor under the ice in the Arctic. This data will be combined with

data from other sources to form the scientific basis for Canada's submission to the United Nations Convention on the Law of the Sea in 2013, which will result in the delineation of Canada's Extended Continental Shelf in the Arctic. These efforts are improving our security by providing enhanced awareness of the Arctic.

The Spaceborne Ocean Intelligence Network (SOIN) is a five-year research and operational development project that addresses barriers to implementing certain oceanographic applications of Earth-observation sensors. The project provides the Government with the ability to integrate satellite imagery with other forms of data to provide new meteorological products for the Navy. Defence is also determining the best way to acquire commercial satellite imagery to assist with the rapid employment of space imaging capabilities.

Enhancing geospatial intelligence, as well as meteorological capabilities, has increased CF operational readiness, both at home and abroad. This has been accomplished by exploiting partnerships through exchanging Imagery Intelligence (IMINT) and sharing the analysis and production workload of geospatial data. Examples of successful information sharing were witnessed during Op PODIUM, Op HESTIA, and Op ATHENA. Enhanced individual and collective training has improved both capacity and capability, allowing a larger force generation base from which to draw, and ensuring that leading-edge techniques are being employed. Finally, by providing effective life-cycle materiel management of assigned equipment, and by pursuing projects that have, or will, deliver new capabilities, improvements are being made daily to the CF's situational awareness.

Training, participation in bilateral exercises and expanding some geomatic intelligence capabilities have also improved our ability to collect and exploit critical data. Advancing and pursuing agreements with partners has provided Defence with access to, or production of, key data for a fraction of the total real cost. Joint and combined exercises have also expanded the suite of solutions available to Defence. Employing these new capabilities has further enhanced the CF's readiness to plan and conduct operations, including disaster assistance.

Defence also worked closely with the Communications Security Establishment to better allocate collective resources to priority tasks. Constant communication and cooperation facilitated an enhanced situational awareness picture and allowed for more informed and timely decision-making at home and abroad. It enabled more timely indication and warning reports which, in turn, helped save lives of deployed forces in Afghanistan. This enhanced cooperation also provides greater situational awareness to support Canada's efforts in the NATO mission in Libya.

Lessons Learned

Improved data collection and analysis of geospatial and meteorological data improves situational awareness. It enables improved planning that can contribute to faster response times and efficiencies, leading to cost savings for CF operations. New methods of mapping the world, as well as new uses for this information from various sources, are rapidly being developed.

Canadians have benefited from increased collaboration with domestic and international partners on geospatial and meteorological-related programs. One of the key challenges that remains is the lack of specific policy instruments needed to guide information sharing and data fusion. Using new technologies in operational settings greatly improves the implementation of technical and scientific solutions to situational awareness challenges.

Program Activity: Canadian Peace, Stability and Security

This program employs the CF in the conduct of operations to ensure the safety and security of Canadians and the defence of Canada. These operations include protecting Canada's sovereignty, responding to domestic disasters and humanitarian crises, supporting domestic security requirements, and conducting search and rescue activities.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	5,957	6,431	1,908
DS	383,055	408,705	318,492
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	1,239	745	(494)
Civilian	107	106	(1)
Total	1,346	851	(495)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Meeting the expectations of the public and all levels of Government, the Canadian Forces will lead in response to defence events and provide support in response to security and safety events when requested by the Government of Canada.	% of Commander's intent met through successful planning and execution of safety, security, defence and support operations.	100% Commander's intent met	90%	Mostly met
	% effects achieved through planning and execution of safety, security, defence and support operations.	100% of intended effects achieved	90%	Mostly met
	% assigned critical tasks completed through planning and execution of safety, security, defence and support operations.	100% of assigned tasks completed	90%	Mostly met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

Invaluable and unique ongoing military support to Canadians was provided ranging from life-saving Search and Rescue operations to assistance to avalanche control with Army artillery in the Rogers Pass of the Rocky Mountains.

Defence continued to provide leadership and support to many OGDs and provincial and municipal authorities in a diverse range of domestic operations and major special security events such as the G8/G20 summits, sovereignty operations and exercises in Canada's North, support to civilian authorities in a number of domestic emergency situations, fishery enforcement patrols, and drug eradication operations. The capacity of the CF to provide Canadians with the safety and security they expect, and its ability to collaborate successfully with a wide range of partners, has contributed to demonstrably strengthened and enhanced government-wide support capacity to Canadians.

Defence continues to expand collaborative working relationships with whole-of-government partners beyond our standing engagements with OGDs, such as the strategic level Assistant Deputy Ministers' Emergency Management Committee[14] (ADM EMC).

The CF's tailored participation in the G8/G20 summits, as well as the unanticipated support to the Canadian Border Services Agency in dealing with illegal migration on the west coast, enabling the lead security agencies to fulfill their mandates, is an example of the success Defence has experienced in working closely with whole-of-government partners.

Special forces are tasked to assist OGDs in the resolution of a terrorist incident or Chemical, Biological, Radiological and Nuclear (CBRN) crisis response. Close coordination with partner agencies within the whole-of-government continues in order to achieve effects.

These relationships have enhanced whole-of-government contingency plans for use in possible crises including natural disasters such as major flooding, catastrophic forest fires and severe weather events, and have resulted in improvements to the Government's capacity to respond to such situations.

Canadian Rangers are true Arctic experts, exercising national sovereignty in the North and standing ready to respond to a range of emergencies and incidents that may occur in that region. They also provide knowledge and expertise that can be harnessed by the CF when training and operating in the Arctic. The Army instigated an expansion programme with a target of 5,000 members and 178 patrols by the end of the fiscal year. As of February 2011, Ranger strength stood at 4,527 members in 170 Patrols. The programme progressed well during the reporting period and it is expected that recruitment targets will be met.

Several joint exercises were conducted throughout Canada's vast North, such as Operations NUNALIVUT[15], NUNAKPUT[16] and NANOOK[17]. These joint exercises involved all three CF services, including naval vessels, Army regular and reserve units, the Air Force, and the Canadian Rangers, and contributed significantly to the exercise of sovereignty in this increasingly strategic part of Canada. The CF demonstrated its capability to work interoperably with OGDs and provide surveillance and operational control in a number of remote areas, and enhanced the Government's presence in many remote and isolated communities.

Engineers from 4 Engineer Support Regiment, in Gagetown, New Brunswick and 56 Engineer Squadron, in St. John's Newfoundland, lift a plain stringer into place during the construction of on an ACROW Bridge in the small community of Trouty, after the main bridge was destroyed by Hurricane Igor.

Photo: MCpl Angela Abbey, Canadian Forces Combat Camera

In FY 2010-11, Defence was again a key participant in the Arctic Security Working Group (ASWG). The ASWG is a biannual forum co-chaired by the Public Safety Canada Arctic Regional Office and Joint Task Force (North) that enhances security in the North through information sharing and cooperation among federal and territorial government departments and agencies, Aboriginal organizations, non-governmental organizations and other stakeholders operating in the region.

National Defence worked with Public Safety Canada to help ASWG participants establish a common awareness and understanding of critical infrastructure issues in the North. This facilitated a collaborative dialogue for advancing critical infrastructure resiliency within the overall Arctic security agenda. National Defence also helped facilitate the examination of opportunities and challenges arising from the implementation of Canada's Northern Strategy on the community, national and international fronts, as well as the exploration of lessons learned from recent Arctic marine security incidents in order to assist partner agencies in developing and improving emergency response practices in the North.

The national Search and Rescue (SAR) program is well established and practised, and functions efficiently and effectively for all involved agencies. While achieving launch windows for CF SAR assets is occasionally impacted by external factors such as weather, CF SAR operations have achieved full success in reaching designated operational areas and executing their mission. The CF was involved in over 1,500 SAR missions during the reporting period.

Lessons Learned

Interdepartmental solutions to problem-solving deliver synergies and efficiencies. The whole-of-government approach is essential when considering issues in the North.

Significant logistical support planning is required in support of experimentation / operations in a northern environment. Contingency schedule planning is required due to unpredictable weather conditions.

Planning continued over the reporting period for future operations in Canada's North, with Operation NANOOK remaining as the most visible CF and whole-of-government activity, and thus the main planning effort. This major sovereignty operation reflects the Government's increased emphasis on Canada's North.

Search and Rescue Technicians from 103 Search and Rescue Squadron in 9 Wing Gander, NL, being hoisted to the bow of the Canadian Coast Guard Ship "Henry Larsen" during a Search and Rescue Exercise off St. John's, NL in November 2010.

Photo: HCol Fred Moffitt, 103 Search and Rescue Squadron, 9 Wing Gander, NL

Program Activity: Continental Peace, Stability and Security

This program employs the CF in the conduct of operations, both independently and in conjunction with Allies, for the defence of North America and its approaches. Activities under this program include continental operations, as required in accordance with Government policy.

2010-11 Financial Resources ($ thousands)				2010-11 Human Resources (FTEs)			
	Planned Spending	Total Authorities	Actual Spending		Planned	Actual	Difference
CS	5,352	5,352	966	Military	536	604	68
DS	201,963	199,047	190,987	Civilian	47	43	(4)
DS: Departmental Spending; CS: Capital Spending (included in DS)				Total	583	647	64

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Meet expectations of Governments and public that the militaries of each state will provide combined (two or more states) support in the event of defence, security and safety events when requested.	% Commander's intent (successful planning and execution of continental operations [routine and contingency]).	100% Commander's intent met	90%	Mostly met
	% effects achieved through successful planning and execution of continental operations (routine and contingency).	100% of intended effects achieved	90%	Mostly met
	% assigned critical tasks completed through successful planning and execution of continental operations (routine and contingency).	100% of assigned tasks completed	90%	Mostly met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

Defence continued to advance bilateral defence relations in a number of areas to more closely align Canadian and American defence activities, ensuring an enhanced security framework for the continent. Activities included planning, exercises and rapid response operations under the umbrella of the North American Aerospace Defence Command agreement, as well as bilateral Exercise FRONTIER SENTINEL[18] to practice reactions to maritime threats to North America. This continental cooperation contributes to strengthening Canada's domestic security and enables it to engage with our most important ally in pursuit of common security goals.

At the policy level, senior officials from Defence continued the tradition of close collaboration with their US counterparts, notably through the forum of the Permanent Joint Board on Defence[19] (PJBD), where key bilateral defence challenges, such as domain awareness, threat and risk assessments, intelligence and information sharing, critical and cyber infrastructure protection, and interoperability were discussed this year. The PJBD is also emerging as a useful forum for discussions of the emerging perimeter approach to defence and security. Separately, the commanders Canada Command, US Northern Command, and NORAD co-signed the first Tri-Command Strategy[20] following years of cooperative study of emerging continental defence and security challenges.

The CF continued to be a principal partner in the US Joint Interagency Task Force South (JIATF-S) in ongoing international efforts to disrupt the activities of trans-national criminal organizations, particularly in the area of importation of illicit drugs to North America and other destinations. Operation CARIBBE, Canada's contribution to an ongoing US-led, multi-national effort to interdict drug trafficking in the waters of the Caribbean Basin and East Pacific, was a significant example of this partnership. The CF participation, involving naval vessels and Air Force surveillance aircraft, provided significant and welcome

capabilities to JIATF-S, and contributed to domestic and continental security by disrupting the flow of illicit drugs to Canadian communities.

In addition to our bilateral engagements with the US, Defence has also initiated an enhanced relationship with Mexican military forces as an element of an increased focus on the Western Hemisphere by the Government of Canada. Work continues to organize the first trilateral meeting of North American Defence ministers between Mexico, the United States and Canada. This continental cooperation contributes to strengthening Canada's domestic security and enables us to engage with our most important ally in pursuit of common security goals.

Lessons Learned

The ability of the CF to cooperate with the US and other nations, including numerous security and law enforcement agencies, in reaction to a plethora of threats, and in pursuit of our common security goals, was demonstrated.

A Canadian Forces CC-177 Globemaster rests on the tarmac at Canadian Forces Station Alert during Operation NUNALIVUT 10.

Photo: Corporal Shilo Adamson, Canadian Forces Combat Camera

Program Activity: International Peace, Stability and Security

This program will contribute to global peace and security by conducting global CF operations across the conflict spectrum from humanitarian assistance to combat, in concert with national and international partners, to achieve timely and decisive results in support of Canada's national interests.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	553,429	541,121	225,196
DS	2,360,997	2,753,496	2,312,846
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)				
		Planned	Actual	Difference
Military	Regular	6,340	6,246	(94)
	Res Class C	1,600	967	(633)
	Civilian	500	626	126
	Total	8,440	7,839	(601)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Meet expectations of Governments and the public to provide support in defence, security and safety events in the international environment when requested.	% of Commander's Intent met through successful planning and execution of international operations (routine and contingency).	100% Commander's intent met	100%	Met all
	% effects achieved through successful planning and execution of international operations (routine and contingency).	100% of intended effects achieved	100%	Met all
	% assigned critical tasks completed through successful planning and execution of international operations (routine and contingency).	100% of assigned tasks completed	100%	Met all

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

The Operations Plan to deactivate the combat mission in Afghanistan (Op ATHENA) was completed. The Government's newly-mandated NATO Training Mission Afghanistan (NTM-A) (Op ATTENTION) was a key facet of planning during the reporting period. Theatre activation for Op ATTENTION was implemented, ensuring utilization of Op ATHENA equipment to minimize equipment acquisition and replacement from Canada. Canadians can be proud that our enduring presence in Afghanistan in a lower risk environment will meaningfully contribute to the well-being of the Afghan people. Canadians can also be confident that our continued participation in the North Atlantic Treaty Organization (NATO) garners respect on a global scale while ensuring our security needs are met.

In Afghanistan, FY 2010-11 featured intensive efforts to implement the Government of Canada mandated transition in 2011, without degrading Coalition operations or counterinsurgency effect. As the United States reinforcement of Regional Command (South) [RC(S)] was brought to full strength in the summer of 2010, Canada was able to concentrate its forces in a small but critical area of Kandahar province. The increased troop density and close cooperation of Canadian and US forces has brought measurable security dividends, moving governance and development ahead in Panjwai and Dand districts. Continuous negotiations at the RC(S), International Security Assistance Force Joint Command (IJC), International Security Assistance Force (ISAF), and Supreme Headquarters Allied Powers Europe (SHAPE) levels, facilitated by embedded CF personnel have created the conditions to ensure a smooth transition. A Mission Transition Task Force was stood up and trained to conduct the mission close out in Kandahar in spring and summer of 2011.

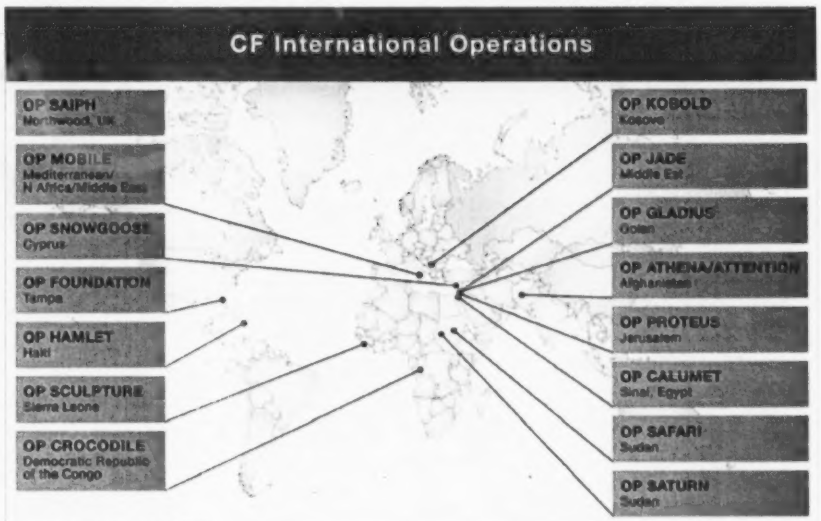
Establishing the Strategic Lines of Communication in support of the reconstitution and alignment of the CF effort Post-Op ATHENA, providing technical oversight to the Materiel and Infrastructure Disposal

Directive, and performing cost-benefit analyses on disposition of all assets prior to redeployment or disposal, all allowed for the most fiscally responsible actions while providing for optimal future readiness. This activity will enhance overall asset visibility and pre-set priorities for retrograde operations. Transitioning from a combat to a training mission in Afghanistan in a most effective, timely and cost efficient manner saves precious resources and preserves Canada's future combat power.

In addition to turning over the Canadian area of responsibility in Afghanistan to relieving forces, the Canadian Forces has gained experience conducting large scale deployed missions and can seamlessly integrate into a coalition framework to interoperate with key allies. Afghanistan will be left in a greatly improved, more stable state, of which Canadians can be proud.

In FY 2010-11, Canada began its participation in the short notice, NATO-led Op MOBILE. This operation began as an assisted evacuation of Canadian Entitled Persons (CEPs) from Libya. It transformed into an international effort to enforce United Nations Security Council Resolutions 1970[21] and 1973[22] governing the protection of Libyan civilians through the establishment of a no-fly zone and arms embargo. Naval and Air Force assets and numerous personnel continue to support this NATO operation. As part of Op MOBILE, our support to NATO defines a commitment to international peace, stability and security.

Defence contributed to numerous United Nations (UN) and NATO missions, including not only Afghanistan and Libya, but also Sudan and Kosovo. Defence also continued to contribute personnel to NATO headquarters and standing NATO collective defence initiatives. Defence also participates in a wide range of Organization for Security and Co-operation in Europe (OSCE) arms control, observation, assistance and other verification missions, in partnership with Allies and other partner nations. During the reporting period, Defence remained fully engaged in the operational implementation of international arms control, verification and other proliferation security treaties, accords and associated mechanisms, thereby attaining specified national security aims and objectives.



Source: Strategic Joint Staff

Canada continued support to standing small missions worldwide with excellent results and partnered with the UN, US, United Kingdom (UK) and NATO in a range of peacekeeping, enforcement, and counter-terrorism operations. Other CF contributions to world operations can be seen at http://www.cefcom-comfec.forces.gc.ca/pa-ap/ops/index-eng.asp.

Current fiscal restraints and increasing pressures within the international security dynamic have resulted in new challenges to the attainment of specified strategic outcomes. These challenges are being addressed through a flexible approach to operational implementation and maintaining an open dialogue with key stakeholders in order to maximize strategic effect with available resources. In order to ensure that all instruments and operations are engaged in support of Canadian foreign policy objectives and

interests, Defence developed a Global Engagement Strategy which provides a framework to prioritize and maximise Canada's defence diplomacy around the world.

Defence continued to support the Government's Americas Strategy[23] by strengthening defence partnerships with key hemispheric countries. Political-military talks were held with Mexico and Brazil. Military-to-military staff talks were held with Mexico and Brazil and planning is underway for such talks with Chile and Colombia. Senior Defence officials visited numerous countries in the America's in support of Canada's bilateral and multilateral defence engagement. Canadian ships made port visits to Chile, the Dominican Republic, Ecuador, Guatemala, Mexico, and Peru. Operationally, Defence continues to support the UN Missions in Haiti by providing personnel for key staff positions, including the Chief of Staff. Defence is also supporting the US in the development of capacity-building activities in the context of the Proliferation Security Initiative[24] (PSI) which will contribute to strengthening the interdiction capacities of PSI-endorsing countries in the Americas. Together with our hemispheric partners, Defence participated in a number of military exercises in the region, such as PANAMAX and FA HUMANITARIAS. Defence's operations support the Government's priorities that contribute to nation-building through assistance to select states through the provision of specialized military advice, training and assistance.

As part of the Military Training and Cooperation Program (MTCP), Defence continued to progress the implementation of three regional capacity building programs in Jamaica. These programs include the Jamaica Military Aviation School, the Counter Terrorism Training Centre, and the Caribbean Maritime Military Training Centre. All three programs are focused on enhancing regional security and interoperability with Canadian and US forces operating in support of humanitarian and security operations within the Americas. Defence also sponsored billets on Naval Boarding Party, staff and professional development training courses for candidates from MTCP member states within the Latin American and Caribbean region. Defence's engagement in the Americas strengthens the security of Canada and Canadians and allows Canada to promote its values and interest abroad.

To ensure a successful outcome of the 2010 Conference of Defence Ministers of the Americas (CDMA), held in Bolivia in November, Canada offered various types of capacity-building support. Defence made available the services of the former senior advisor to the Canadian CDMA Executive Secretariat to provide expert counsel to the Pro-Tempore Secretariat of CDMA 2010, and shared lessons-learned from the Banff CDMA in 2008. Defence also provided significant website support, including through the provision of CDMA institutional documents in English, Spanish, French and Portuguese, and provided a Canadian Forces Airbus to transport foreign delegates to and from the conference site. The conference allowed Canada to reinforce ties with key hemispheric partners and discuss important issues that contribute to strengthening confidence and security in the hemisphere.

Lessons Learned

The lessons learned are being captured as an ongoing process. Extensive Departmental lessons have been learned from both the execution of Op ATHENA and during the enormous scale of the planning process for Mission transition. Similarly, important lessons in assisting the departure of Canadians from areas of crisis and deploying CF equipment and personnel at short notice to support key allies continue to be learned.

The ongoing success of verification operations demonstrates the continued relevance of this cost-effective, high-impact capability, which directly contributes to Canada's national defence and security objectives.

There is a need for greater cooperation and coordination between Canada and partners in the hemisphere, as well as between Canadian government stakeholders, to ensure that our engagement achieves maximum strategic effect.

Strategic Outcome:
Care and Support to the Canadian Forces and Contribution to Canadian Society

This outcome outlines the provision of care and support to Defence personnel as a key enabler to readiness and deployability. It also describes activities that reflect Defence contributions to Canadian society in a variety of ways outside the traditional role of the military, including contributions to Canadian identity and environmental protection.

Program Activity: Defence Team Personnel Support

This program provides a broad spectrum of support services including educational assistance, housing facilities and services, benefits to military personnel and their families, and learning support to civilians at Defence. The provision of fair and equitable support is a key element of the social contract between the country and its military personnel that is essential to enhancing personnel readiness, deployability, and establishing the CF as a learning institution and an employer of choice.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	15,580	15,580	28,327
DS	643,219	672,726	906,016
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	1,736	2,298	562
Civilian	720	1,034	314
Total	2,456	3,332	876

Expected Results	Performance indicators	Targets	Performance Summary	Performance Status
Personnel Readiness and Deployability is enhanced through comprehensive support to military personnel and their families.	% of Regular Force member respondents indicating satisfaction with the military way of life (MWL) and their quality of life (QoL) in the Canadian Forces.	70-100%	MWL – 83% QoL – 84.3%	Mostly met
	% of Regular Force member respondents indicating readiness and willingness to deploy.	70-100%	79.6%	Somewhat met
	% of Regular Force members' spouses indicating support of Regular Force member career.	70-100%	94.3%	Mostly met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Note: The variance between planned and actual spending is primarily due to an understatement of the planned spending figure. Since the figure was created, through the Strategic Review process, the methodology for attributing Military Pay to the PAA has been improved, increasing the planned spending by approximately $200million (with a corresponding increase in Military personnel). Additional variance is due to resource decisions resulting from the business planning process, with increased health care delivery costs for the injured increasing total planned spending.

Performance Summary and Analysis of Program Activity

The CF expanded on its commitment to provide enhanced support services to all members who were injured, medically released or became ill while serving, and also to support their families. The delivery of enhanced access and coordinated casualty-support services to military members and their families continued to be primarily provided through the Joint Personnel Support Unit (JPSU). In collaboration with Statistics Canada (StatCan), Defence completed a study of Spousal Employment Income which examined the economic impact of military life on spousal employment. The aim was to understand concerns with the employment opportunities of spouses as a result of aspects of military life such as deployments and postings. Surveys of military spouses provided information on the impact of military lifestyle demands on military families, such as children's education; loss of access to a family doctor; deployment and mental-health support for families; and the general need for more child care. Low cost options to address these challenges such as enhancing access and coordinated casualty-support services to military members and their families were approved for implementation, with several projects to be launched in 2011. Information regarding the enhancements to the Military Family Services Program can be found in the Director Military Family Services 2010 in Review[25] document.

The CF has continued to explore improvements in electronic health-record keeping, and the CF Health Information System remains on target to be fully implemented in June 2012. This will prove a better means to monitor health care, ensure increased efficiency and support deployability of CF personnel.

The CF has been actively engaged in working with Veterans Affairs Canada (VAC) to strengthen the partnership between VAC and the CF by harmonizing programs, policies and decision-making processes; building the capacity to jointly analyze operationally-related injury and illness to reduce injury and disability; and aligning, where possible, the Service Income Security Insurance Plan[26] (SISIP) income replacement and vocational rehabilitation benefits with the principles of the New Veterans Charter. The CF aims to sustain the New Veterans Charter by working with VAC to ensure an effective communication and outreach strategy that promotes a better understanding of the Charter by CF members, and by amending the SISIP Long-Term Disability program to ensure that former CF members who are undergoing vocational rehabilitation have sufficient monthly income to meet reasonable living requirements.

Defence, in collaboration with VAC and StatCan, has completed the first phase of the Life after Service Study. This study aimed at determining the health (physical, mental, and social well-being) indicators of CF members after transitioning from military to civilian life, whether these indicators change over time, and examining how the indicators compare between VAC clients and non-clients.

The pan-CF training and education system that supports entry qualification, initial training, advanced occupational training, skills learning, leadership training, language training and professional development must be agile, integrated and responsive to the contemporary operating environment. It must deliver performance oriented, learner-centric training and education at the right time, right place, to the right people to enable individual and collective performance to support success in operations. As a consequence, and in pursuit of this objective, the CF has launched the Individual Training and Education (IT&E) Modernization Project which will optimize success of modern and cost effective learning mechanisms to deliver leadership, language and occupational competencies.

In Defence, civilian staff development is essential to maintaining a skilled and professional workforce that is able to deliver on the CF mission through providing programs and services of the highest professional standard and quality. One of Defence's key commitments over this period of review was to align and provide all its staff with the training and tools they need to do their jobs through either formal (i.e. classroom) or informal (i.e. online or by learning from experience on the job) learning approaches. One commitment included a revision of Defence's Organizational Learning Strategy to ensure sound management of employee performance and learning along with supporting key documents to enable staff learning and professional development to be linked to business requirements. An internal wiki was created for managers in Defence to collaborate and build their knowledge on managing change effectively. Learning plans aligned to performance objectives are a regular and meaningful feature of managing employee overall performance. A community management framework, designed to ensure a systematic, effective and consistent approach to the management of communities who share common work purposes within Defence, was developed and approved by senior management along with a departmental directive that guides the development and maintenance of Apprenticeship and Operational Development Program participants.

To integrate learning with HR and other business processes, Defence has put in place numerous internal professional development programs with approximately 1,018 civilian employees participating. Some regional Army offices have established external development programs with various colleges in order to fulfill the organization's need for certain skill sets while offering students the work experience required to graduate. Defence encourages a supportive environment that enables newly-acquired skills to be nurtured and transferred to the workplace, as evidenced by the first six months of this reporting period where 1,088 employees completed job-related mandatory training for positions to which they were newly appointed or promoted. 438 personnel were provided project management training, a sought-after skill set that is not readily available across either Defence or Government. Over the course of this reporting period, 1,845

courses were delivered to both military and civilian staff by the 15 Civilian Learning and Career Centers[27] (LCC) across Canada. Through this venue of training, 18,450 staff participated in developing or enhancing their competencies needed to accomplish meaningful organization goals and create a positive work climate that encourages and values clarity, interaction, openness, diversity, community and results. For civilians with difficulties accessing training due to geographical access to course material that can be learned outside of a classroom environment, distance learning through the online Defence Learning Network facilitated skill development anywhere, anytime and at an individuals own pace.

To meet the need for accountability, and recognizing the importance of measuring the value of learning, DND implemented the Outlook on Learning and Professional Development (LPD) Project to provide a departmental overview of the investment in civilian LPD. This project evaluated and described how Defence spends, monitors and delivers on LPD initiatives. During this reporting period, it is estimated that approximately $38 Million was spent on growing the civilian capability of managers and staff necessary to build a motivated, engaged and high-performing workforce. Quarterly briefs are provided on civilian resource usage, noting areas of growth/reduction, areas of concern and any required risk mitigation plans.

We continued to attract, develop and retain our civilian talent via an integrated approach to managing performance and learning, by implementing our Civilian Learning and Professional Development Framework[28] as part of a broader knowledge management strategy, conducting Executive cadre orientation, aligning our performance management programs; and placing continual emphasis of the importance of Personal Learning Plans.

The Department continued to support managerial innovation, by building strong employee and managers' networks, developing collaborative work environments, further reducing the Web of Rules and experimenting with Web 2.0 technology. To date, more than 70 Communities of Practice have been established across the department to facilitate communication and foster employee engagement. This past year our Public Affairs Group launched a new Defence Team website and weekly transmittal of "What's New on the Defence Team Intranet" to military and civilian employees across Canada. A site such as this, with weekly reminders and simple news updates, is a powerful vehicle to instil and freshen organizational knowledge at all levels, in sites across the country and overseas. In terms of Public Service values, DND supports a robust Awards and Recognition Program. In the past year, the Chief of the Defence Staff and Deputy Minister presented 59 recipients of corporate awards recognizing outstanding achievements in the areas of excellence in human resources management, client support, and improving project management.

Lessons Learned

With limited financial resources, Defence will need to adopt a more manageable, phased approach to generating improvements while balancing formal and informal opportunities to generate both effectiveness and efficiency in the way learning is conducted, both for military personnel and civilian employees.

Program Activity: Canadian Identity

This program preserves and promotes Canadian identity by providing youth programs, ceremonial activities and the preservation of military history. It demonstrates the military heritage and proficiency of the CF to Canadians and informs them of the military profession and practice in Canada.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	9,599	11,099	11,512
DS	346,994	350,312	353,602
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	760	398	(362)
Civilian	189	263	74
Total	949	661	(288)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Canadians are aware of, understand, and appreciate the history, proficiency, and values of the Canadian military as part of Canada's identity.	% of Canadians who feel that the CF is a source of pride.	100%	87%	Mostly Met

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

History, Protocol, and Heritage Ceremonial Activities

The CF celebrated 100 years of Naval service to the nation through a coordinated local, national and international programme of events. These ranged from formally reaffirming ties to naval units' namesake communities to showcasing naval activities within Government priorities such as Hurricane relief in Haiti (Op HESTIA[29]), Newfoundland and Labrador (Op LAMA[30]), and maritime security operations overseas (Op SAIPH[31]) to supporting International Fleet Reviews attended by HRM Queen Elizabeth II in Halifax and Esquimalt. These activities served to celebrate our naval heritage while reaffirming to Canadians the effect and importance of joint operations in projecting Canadian influence and values.

Inspections of one third of the CF's 69 museums were conducted, providing an understanding of the needs of the museums and identified individual museum's progress and shortfalls. Ninety per cent of the museums are now utilizing or have converted their databases to the CF Artefacts Management System, so that in time, the full extent and quality of the CF's artefact collection will be known and can be managed to best effect in educating Canadians.

Cadets and Junior Rangers

The Canadian Cadet Program and Junior Canadian Rangers (JCR) Programme participants were provided with opportunities to learn, grow, and experience skills and activities that are rarely offered anywhere else. These programs continued to foster and promote good citizenship, leadership, and physical fitness in Canada's youth.

The Canadian Cadet Program

The Cadet Program saw 1.85 per cent of Canadian Youth aged 12 to 18 participate in an average of 27.7 days of training in FY 2010-11. The Cadet Program provided local training during the Sept-June period for 50,579 youth ages 12 to 18 at 1,123 cadet units, while 19,414 cadets completed summer training at 24 Cadet Summer Training Centres.

Junior Canadian Rangers

The JCR Programme provided training to 3,463 young people (ages 12 to 18) in 123 communities across Canada, and 813 JCRs received enhanced training through summer training programs delivered via five enhanced training sessions.

Program Activity: Environment Protection and Stewardship

This program promotes public health and safety and supports sustainable development on Defence lands and wherever Defence operates. It delivers multi-faceted real property/infrastructure Environment Protection and Stewardship compliant with applicable legislation and federal policy that extends through every level of departmental decision-making.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	841	3,347	1,585
DS	152,763	152,458	122,478
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	288	6	(282)
Civilian	211	192	(19)
Total	499	198	(301)

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
Demonstrate responsible and sustainable stewardship.	% achievement of SDS commitments.	100%	65%	Somewhat met
Reduce departmental liability for contaminated sites.	% reduction in contaminated sites opening liability (sites which reported liability in the previous fiscal year).	Reduce the contaminated sites liability by 7% per year	18.5%	Exceeded
Demonstrate legal compliance and due diligence.	% of unexploded explosive ordnance (UXO) Legacy Sites for which risks have been assessed and are being managed.	Increasing proportion (measured as percentage) each year	100%	Met all

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.
Note: At the time of the preparation of the FY 2010-11 Main Estimates in fall 2009, Defence was transitioning to a new PAA. The majority of spending variance is a result of improvements to the methodology for attributing estimated expenditures under the new PAA that occurred since the FY 2010-11 Main Estimates were prepared. Some of the variance between planned and actual spending is due to these changes, and some due to slippage in the construction program.

Performance Summary and Analysis of Program Activity

The Defence Sustainable Development Strategy (SDS) identifies specific environmental commitments which are integrated in operations and activities to protect Canadian health and safety. Defence continued to collect information on the commitments of SDS 2006 through FY 2010-11. In order to continue with its commitment to SDS, Defence is developing its response to the new Federal Sustainable Development Strategy[32] (FSDS) requirements.

Although Defence's contribution to the FSDS is significant, the FSDS does not adequately reflect the breadth of commitment and effort that Defence devotes to the environment and sustainable development. To bridge this gap, the development of a new Defence Environment Strategy (DES) was identified within Defence Priorities in November 2010. The requirement to renew Defence's Environmental Strategy may include previous SDS targets.

The Contaminated Sites Program[33] continued to make progress on Defence's portfolio thereby reducing the financial liabilities resulting from environmental degradation on inactive or former Defence lands. In addition, regulatory requirements are continually addressed to ensure Defence compliance and, in this context, environmental assessment initiatives continue to ensure that future activities are initiated only after a rigorous assessment of potential environmental risks and options for mitigation.

Lessons Learned

The DES will address those lessons learned from the previous *Office of the Auditor General Act* SDS process[34]. The planning, programming, and reporting requirements will be clarified to improve the assignment of the necessary resources and tracking of progress. In addition, targets will be developed with a long-term view of the Defence environment, taking advantage of the synergies between sustainable development initiatives, building on successes through an adaptive process, and situating the environment and sustainable development in the Defence mandate.

Program Activity: Non-Security Support

Defence is strongly committed to contributing to Canadian society in non-operational roles. This program will provide assistance in developing national competency in defence issues and to the whole-of-government approach by sharing information with other government departments (OGDs) and non-governmental organizations (NGOs).

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	78	78	55
DS	22,191	22,189	6,479
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	21	206	185
Civilian	37	29	(8)
Total	58	235	177

Expected Results	Performance Indicators	Targets	Performance Summary	Performance Status
OGDs and NGOs will contribute to the development of a national competency in defence issues.	Money spent vs. money budgeted for Vote 10 (Grants and Contributions).	100%	87%	Mostly met
Horizontal initiatives are supported by Defence information sharing.	Number of Information Sharing partnerships with OGDs and NGOs.	TBD	No data	TBD

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Note: At the time of the preparation of the FY 2010-11 Main Estimates in fall 2009, Defence was transitioning to a new PAA. The majority of spending variance is a result of improvements to the methodology for attributing estimated expenditures under the new PAA that occurred since the FY 2010-11 Main Estimates were prepared. Estimated expenditures for the 412 (Transport) Squadron for FY 2010-11 were initially attributed to the *Non-Security Support* program activity, but have since been placed under *Aerospace Readiness*.

Performance Summary and Analysis of Program Activity

In FY 2010-11, the Security and Defence Forum (SDF) provided $1.63 Million in operational funding to its 12 Centres of Expertise and the Chair in Defence Management Studies. In addition, the SDF offered almost $333,000 in awards, including four Masters scholarships, five Doctoral scholarships, two post-Doctoral fellowships, and four internships. The SDF also granted about $158,000 in support of 41 special projects in FY 2010-11. These events broadened public debate on a range of security and defence topics.

Lessons Learned

Defence conducted a review of the SDF in FY 2010-11. The review concluded that, although the SDF has successfully fulfilled its mandate, the original objectives of the program – established over 40 years ago – no longer align with current Defence Team priorities which have evolved greatly since 1967. It was therefore recommended that Defence transform the way it engages external security and defence experts to more directly support the defence and security policy thinking required to develop timely and relevant advice to the Minister of National Defence and the Government. As a consequence, funding for the SDF will be extended for one additional fiscal year, i.e. 2011-12, as the Department considers options for the program.

Program Activity: Internal Services

Internal Services[35] are the pan-departmental support activities required to enable Defence to operate efficiently and effectively, including functions such as human resources, communications, and financial management.

2010-11 Financial Resources ($ thousands)			
	Planned Spending	Total Authorities	Actual Spending
CS	63,865	63,865	128,897
DS	1,069,036	1,215,738	1,129,637
DS: Departmental Spending; CS: Capital Spending (included in DS)			

2010-11 Human Resources (FTEs)			
	Planned	Actual	Difference
Military	1,667	1,669	2
Civilian	4,682	4,412	(270)
Total	6,349	6,081	(268)

Sources: Vice Chief of the Defence Staff Group, Assistant Deputy Minister (Finance and Corporate Services) Group, Chief Military Personnel Group, Assistant Deputy Minister (Human Resources-Civilian) Group.

Performance Summary and Analysis of Program Activity

Governance and Management Support

Management and Oversight

Defence achieved, six months ahead of schedule, all of the objectives stated in its Defence Force Structure Review[36] (DFSR) mandate. It provided direct support to Strategic Review 2010, CF Transformation and CFDS implementation activities. The development of the Information Access Portal as an Agile Business Intelligence analysis capability, as well as the establishment of a division dedicated to Capabilities and Structures requirements and validation has improved departmental management decisions to enable organizational and structure review. Defence has now initiated the development of a Multi-Year Employment Plan to meet articulated/validated personnel requirements.

The Strategic Planning Guidance (SPG) to guide business planning was issued in September 2010 for FY 2011-12. The next SPG will link capability goals and metrics with business plan direction. Integrated planning remained the foundation for Public Service Renewal. Defence further embedded planning in its governance structure and used business planning processes that guide decisions on people and resources. The senior leaders and their management team were provided functional planning guidance and direction to mitigate people management risks/issues.

The role of internal audit is to provide senior management with independent and objective advice and guidance, as well as advisory and assurance services designed to add value and improve the effectiveness of risk management strategies and practices; management control frameworks, systems and practices; and governance processes. By recommending improvements to the way Defence does business, internal audit and evaluation indirectly provide benefits to Canadians, who want assurance that Defence is operating effectively, efficiently and in compliance with policy.

The internal audit group continued to move forward with expansion efforts during FY 2010-11, with work conducted during the reporting period focused primarily in the areas of capital acquisition, security management, financial management, contract management and materiel management.

Defence continued to make progress in implementing the 2009 Policy on Evaluation[37]. For example, the 2010-11 Defence Evaluation Plan extended the planning horizon to five years and staffing actions were initiated to increase evaluation capacity. The role of program evaluation is to provide senior management with independent, objective, substantiated assessments of the effectiveness, impact and continued relevance of Defence policies, programs and initiatives.

Land Force Readiness and Training, which represents a significant portion of Defence program spending, was subject to a major evaluation during FY 2010-11. The results of this evaluation will be presented to the Evaluation Committee, the Deputy Minister, and the Chief of the Defence Staff for approval during FY 2011-12.

Communications

Communications were successfully managed intra-departmentally and a number of key announcements were made during FY 2010-11, including the launch of five new Integrated Personnel Support Centres[38] in February 2011. Close cooperation and joint co-ordination with VAC also led to the successful launch, in September 2010, of the Legacy of Care for Seriously Injured Military Personnel and Their Families initiative.

By communicating to Canadians CF efforts to ensure the health and well-being of Canada's military, Defence helped demonstrate that the Government of Canada is standing behind members of the CF and Canadian veterans.

Throughout FY 2010-11, Defence continued to communicate to Canadians the announcements of new investments in military equipment and infrastructure. Defence communications staff coordinated 16 major ministerial announcements as well as numerous media events, technical briefings, town hall meetings and public information sessions across Canada. CFDS messaging was inter-woven in over 360 stakeholder engagements and public relations activities that focused on key Defence themes and priorities, including Navy centennial, Afghanistan, humanitarian and anti-piracy missions, Arctic issues, and procurement. Defence developed a successful Naval Centennial Advertising Campaign which featured TV and print ads. Linking past to present, the campaign promoted the celebration of the 100th anniversary of the Canadian Navy while supporting the CFDS personnel pillar by highlighting the need for the "next generation of sailors".

Defence communicated to Canadians the CF's role in Afghanistan by informing and educating key stakeholders through a number of events, 29 of which delivered first-hand testimonials from re-deployed CF personnel. Two stakeholder familiarization visits and three Team Canada visits to Afghanistan with high-profile Canadians were also organized during FY 2010-11.

Legal

In the conduct of its mandate, Defence is aware of the need to abide by all applicable Canadian and international laws. The Office of the Judge Advocate General (JAG) and the Department of Justice, as represented on site by the Office of the DND/CF Legal Advisor (DND/CF LA), delivered strategic legal advice and services to the Minister, the Department and the CF in their respective areas of responsibility. Where appropriate, the provision of legal advice and services was coordinated with the DFAIT Legal Bureau, subject matter experts, and with legal counsel within the Privy Council Office (PCO). DND/CF LA continued its engagement in the legal dimension of the Corporate Risk Profile; in particular, assisting Defence through the identification of legal risks, incorporation of mitigation strategies into the business planning process, and developing a departmental legal risk portfolio of high-profile legal risk exposures and potential financial liabilities.

In March 2011, the Minister appointed the Honourable Patrick J. LeSage, former Chief Justice of the Superior Court of Justice of Ontario, to conduct the second independent five-year review of Bill C-25[39], including an independent review of Bill C-60[40]. The review should be completed and recommendations made to the Minister by December 31, 2011. The review by the Honourable Patrick J. LeSage is expected to provide the basis for future amendments to the *National Defence Act* and the Queen's Regulations and Orders for the Canadian Forces[41] (QR&O).

Resources Management Services

Human Resource Management

The civilian workforce is a major contributor to the realization of departmental priorities. In recent years, there has been significant growth in activity areas that directly support increased training and preparations for the highest operational tempo since the Korean War in Afghanistan, the Vancouver Olympics, the G8/G20 summits, the acquisition of new equipment and infrastructure as set out in the *Canada First* Defence Strategy, and support to meet the increased need for specialized care for those returning from combat. Approximately 70 per cent of civilians are located outside the National Capital Region and work for military commanders. The Department temporarily expanded its workforce; however, changing requirements, including the realignment of the mission in Afghanistan and a general decrease in operational tempo, will lead to a decrease in the number of civilian employees. During FY 2010-11, a Workforce Management Board (WMB) was put in place to oversee the management of civilian staffing within Defence related to indeterminate recruitment from outside the Department, and planning is underway for the implementation of decisions taken during the Strategic Review. The Department will continue to refine its civilian workforce requirements, as an essential element of the integrated Defence team, while continuing to support the renewal of the Public Service.

Financial Management

Departmental compliance with the Policy on Internal Control (PIC) is a work in progress, with the ultimate objective being the establishment, maintenance, monitoring and review of Defence's system of Internal Control over Financial Reporting (ICFR). During FY 2010-11, the department continued to progress towards PIC implementation by increasing the use of ERP information systems and by starting to leverage integrated data for inventory and real property assets. Significant progress was made in the documentation of IT controls, the assessment of their design and the operating effectiveness of the controls. The department also continued to advance the documentation of business processes and controls in the areas of Entity level Controls, Civilian Payroll, Accounts Receivable, Accounts Payable and Payments. For future years, Defence plans to work towards having in place an organizational structure that will be responsible for the ongoing monitoring of the departmental system of ICFR by 2016.

The infrastructure component of the accrual project has expanded from two to 25 projects over the past year. A draft instruction on accrual budgeting has been developed and distributed to stakeholders. A series of accrual budget workshops have also been developed and delivered to finance and project management staff.

Phase One of the Chief Financial Officer (CFO) Model implementation focused on improving the departmental Financial Management governance structure, with the establishment of the Defence Strategic Executive Committee (DSX), the Defence Finance Committee (DFC), and the appointment of the Assistant Deputy Minister (Financial and Corporate Services) ([ADM(FinCS)]as CFO.

During FY 2010-11, progress was made towards the planning of Phase Two of the CFO Model, which will include a significant reorganization in FY 2011-12 to realign the functional authorities of the CFO to provide a dedicated focus on financial management and operations and to strengthen accountability. Specifically, ADM(FinCS) will become the organization solely responsible for departmental financial management and oversight. It will have responsibility for financial resource allocation, costing, in-year financial management, maintenance and reporting of the Investment Plan, and for Treasury Board submissions. The creation of a Corporate Secretary will allow ADM(FinCS) to transfer responsibility for Corporate Services. Additional responsibilities previously held by ADM(FinCS) related to accommodation management; military pay, pension and insurance administration policy; and records management

delivery will be transferred to other organizations to ensure that responsibility aligns with functional authorities. In order to enhance the focus on financial management, the CFO commenced development of a Campaign Plan to address financial management challenges in the Department.

Information Management

Defence updated its IM/IT Campaign Plan to align it to Government priorities and requirements of the CFDS for the coming years. This plan and its associated roadmaps provide a clear view on key projects and initiatives, and ensure the resourcing and coordination of the resulting activities.

IM/IT investments and initiatives are planned and coordinated through an open and collaborative process, to ensure that Government of Canada top priorities and Defence's critical operational and business requirements are resourced, so that Canadians benefit from excellence and affordability in defence operations and management.

In support of its roles and responsibilities under Canada's Cyber Security Strategy and the CFDS, Defence continues to strengthen its network defence capabilities while working in conjunction with OGDs to identify possible threats and responses. While advancing the development of policy and legal framework for the military aspects of cyber security, Defence continues to exchange information with Canada's allies on best practices and lessons learned, complementing DFAIT's international outreach efforts.

Defence leveraged its IM/IT campaign plan to expend investment opportunity capital to improve existing structures and capabilities. This enabled Defence to advance priority investments in IM/IT infrastructure, network capacity and remote telecommunications, and to meet the hardware and security requirements necessary for interoperability and information sharing with Canada's allies. This expenditure better positioned Defence to deliver a robust IT enabled capability sooner than anticipated. The resulting positive variance of $40 Millions in IM/IT capital expenditures was pre-planned and approved during the year through Departmental in-year business planning and governance processes.

Travel and Other Administrative Services

Travel and Administrative Services represent common administrative fees and services required to mostly sustain the operations of the National Defence Headquarters. For the most part this comprises lease related expenses in the National Capital Region (NCR), travel services fees for all commercial travel, and shared services provided in the NCR. There was a $23 Million increase in capital actual spending over planned spending under Internal Services as a result of a realignment of expenditures. Prior to FY 2010-11, NCR Accommodation Refit Projects were entirely charged to Operating expenditures. After consultation with PWGSC real property staff, financial policy analysts, and Defence resource managers, it was decided to charge major refit projects to Capital. This approach is consistent with the methodology used by PWGSC Real Property Division.

SECTION III: SUPPLEMENTARY INFORMATION

Financial Highlights

The financial information presented within this report is intended to serve as a general overview of National Defence's financial position and operations. The Department's financial statements can be found on National Defence's website at: http://www.vcds.forces.gc.ca/sites/page-eng.asp?page=11642.

Condensed Statement of Financial Position

Condensed Statement of Financial Position For the Period ending March 31, 2011			
($ thousands)	**Percentage Variance**	**2011**	**2010 (Restated)**
Total Assets	4%	87,592,348	84,529,486
Total Liabilities	2.7%	52,289,691	50,891,136
Total Equity	5%	35,302,657	33,638,350
TOTAL	4%	87,592,348	84,529,486

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

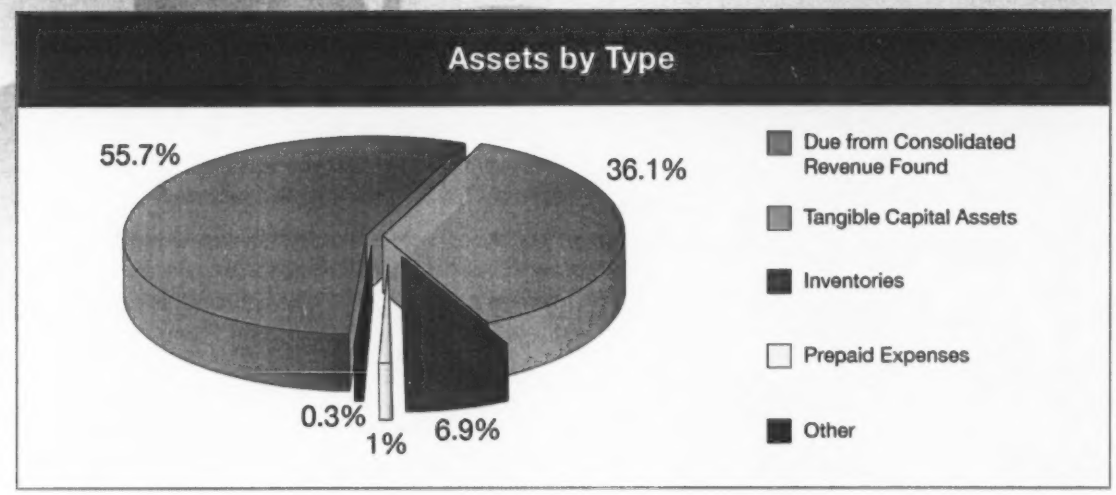
Condensed Statement of Operations

Condensed Statement of Operations For the Period ending March 31, 2011			
($ thousands)	**Percentage Variance**	**2011**	**2010**
Total Expenses	-2%	19,648,497	20,139,319
Total Revenues	-7%	467,731	501,308
NET COST OF OPERATIONS	-2%	19,180,766	19,638,011

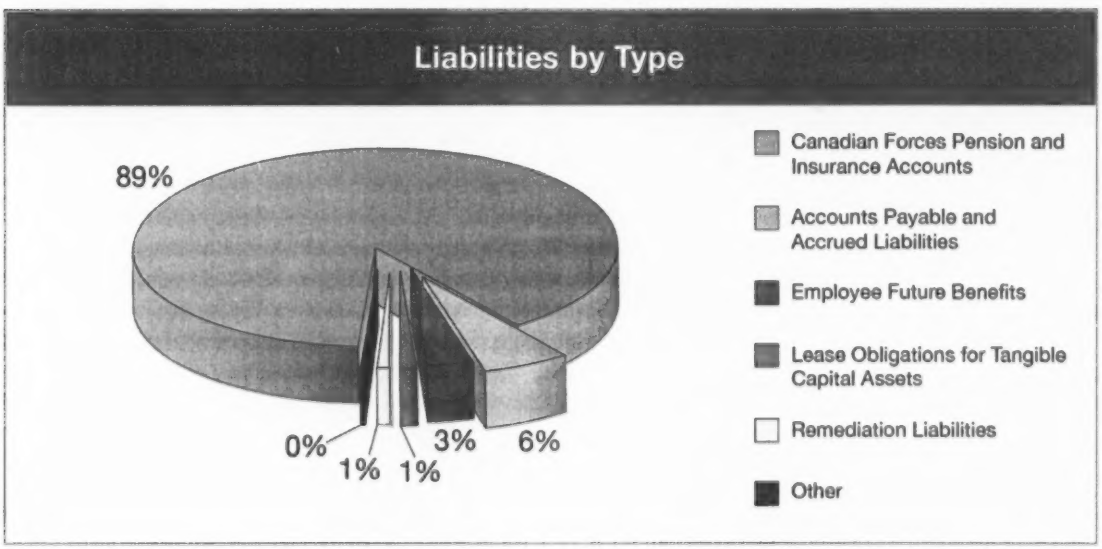
Source: Assistant Deputy Minister (Finance and Corporate Services) Group

A further breakdown and explanation of these figures can be seen in the charts below.

Financial Highlights Charts

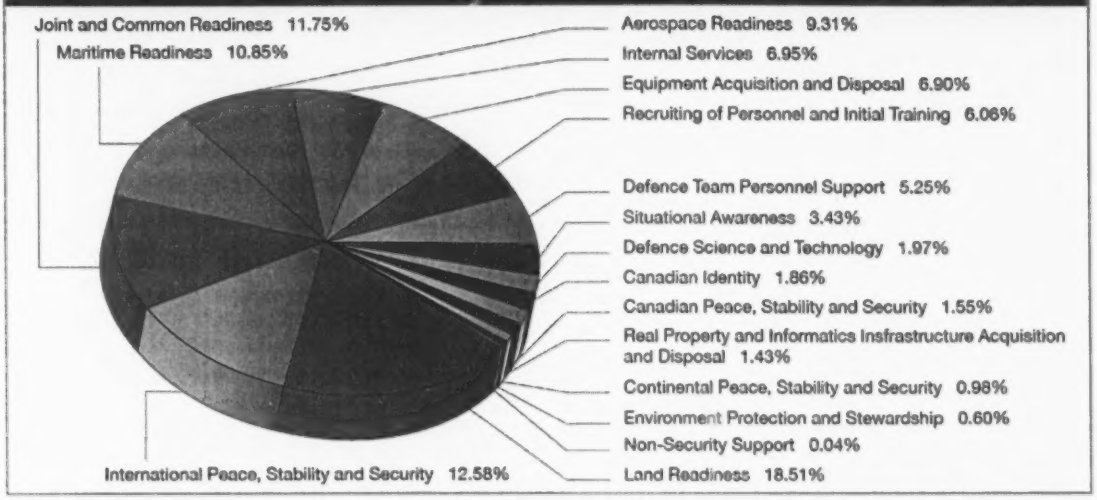


Total assets were $87.6 Billion at the end of FY 2010-11, an increase of $3.1 Billion (4%) over the previous year's total assets of $84.5 Billion (restated). Due from Consolidated Revenue Fund comprised 55.7% of total assets at $48.8 Billion. Tangible Capital Assets comprised 36.1% of total assets at $31.6 Billion. Inventories represented $6.0 Billion (7%) while Prepaid Expenses represented $0.9 Billion (1%) of total assets.



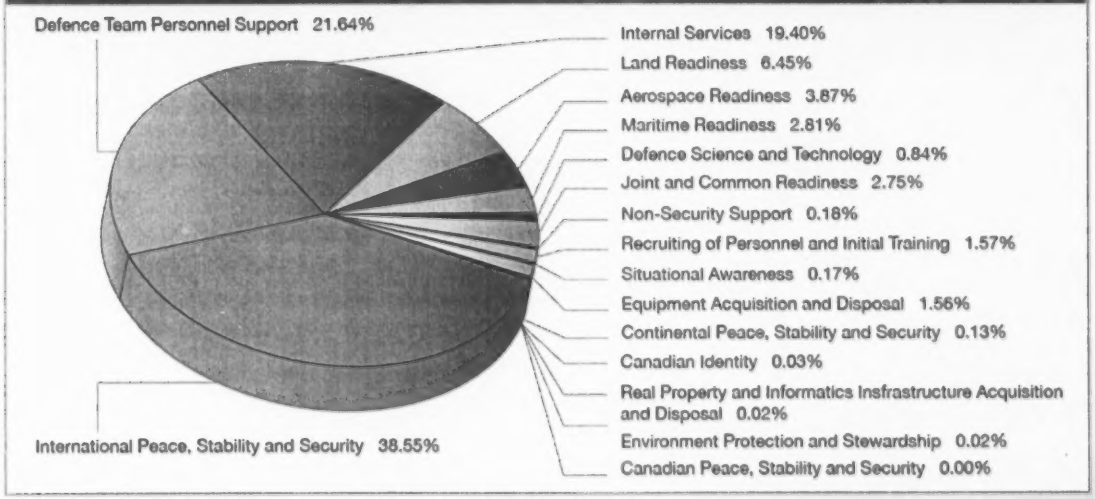
Total liabilities were $52.3 Billion at the end of FY 2010-11, an increase of $1.4 Billion (3%) over the previous year's total liabilities of $50.9 Billion (restated). Canadian Forces Pension and Insurance Accounts represent the largest portion of liabilities at $46.5 Billion or 89% of total liabilities.

Expenses by Program Activity


Joint and Common Readiness 11.75%
Maritime Readiness 10.85%
Aerospace Readiness 9.31%
Internal Services 6.95%
Equipment Acquisition and Disposal 6.90%
Recruiting of Personnel and Initial Training 6.06%
Defence Team Personnel Support 5.25%
Situational Awareness 3.43%
Defence Science and Technology 1.97%
Canadian Identity 1.86%
Canadian Peace, Stability and Security 1.55%
Real Property and Informatics Insfrastructure Acquisition and Disposal 1.43%
Continental Peace, Stability and Security 0.98%
Environment Protection and Stewardship 0.60%
Non-Security Support 0.04%
Land Readiness 18.51%
International Peace, Stability and Security 12.58%

Total expenses for the Department of National Defence were $19.6 Billion in FY 2010-11, a decrease of $0.5 Billion (-2%) over the previous year's total expenses of $20.1 Billion. The largest portions of expenses were derived from the following three program activities: $3.6 Billion (18.5%) from the Land Readiness program activity, $2.5 Billion (12.6%) from the International Peace, Stability and Security program activity and another $2.3 Billion (11.8%) from the Joint and Common Readiness program activity.

Revenues by Program Activity


Defence Team Personnel Support 21.64%
Internal Services 19.40%
Land Readiness 6.45%
Aerospace Readiness 3.87%
Maritime Readiness 2.81%
Defence Science and Technology 0.84%
Joint and Common Readiness 2.75%
Non-Security Support 0.18%
Recruiting of Personnel and Initial Training 1.57%
Situational Awareness 0.17%
Equipment Acquisition and Disposal 1.56%
Continental Peace, Stability and Security 0.13%
Canadian Identity 0.03%
Real Property and Informatics Insfrastructure Acquisition and Disposal 0.02%
Environment Protection and Stewardship 0.02%
Canadian Peace, Stability and Security 0.00%
International Peace, Stability and Security 38.55%

The Department's total revenues amounted to $467.7 Million for FY 2010-11, a decrease of $33.6 Million (-7%) over the previous year's total revenues of $501.3 Million. The largest portions of revenues were derived from the following three program activities: $186.1 Million (38.6%) from the International Peace, Stability and Security program activity, $104.5 Million (21.6%) from the Defence Team Personnel Support program activity and another $93.6 Million (19.4%) from the Internal Services program activity.

Supplementary Information Tables

The following information is available on the Treasury Board Secretariat's website at: http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/inst/dnd/dnd00-eng.asp.

- Green Procurement
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Transformational Projects and Major Crown Projects
- Status Report on Projects Operating with Specific Treasury Board Approval
- Details on Transfer Payment Programs

SECTION IV: OTHER ITEMS OF INTEREST

Other Items of Interest

The following information can be found on the Defence website at: http://www.vcds.forces.gc.ca/sites/page-eng.asp?page=11642.

- Canadian Forces Bases and Wings co-located with civilian service centres across Canada
- Canadian Forces Installations across Canada
- Capital Construction Programs (over $60M)
- Cost Estimates for CF Domestic and Continental Operations
- Cost Estimates for CF International Operations
- Defence Program Activity Architecture
- Key Partners and Stakeholders
- Legislative Environment
- Organization Chart
- Organizational Contact Information
- Report on Annual Expenditures for Travel, Hospitality and Conferences
- Reserve Force
- Selected Defence Portfolio HR and Financial Resources
  - Communications Security Establishment Canada
  - Defence Research and Development Canada
  - National Search and Rescue Secretariat
  - The Office of the Judge Advocate General
  - The Office of the Ombudsman for the Department of National Defence and the Canadian Forces
- Work Environment

ACRONYMS

	A
ACP-T	Airlift Capability Project – Tactical
ADM	Assistance Deputy Minister
ANA	Afghan National Army
ANP	Afghan National Police
AOPS	Arctic/Offshore Patrol Ship
ASWG	Arctic Security Working Group
	C
CBRN	Chemical, Biological, Radiological and Nuclear
CCV	Close Combat Vehicle
CDS	Chief of the Defence Staff
CDMA	Conference of Defence Ministers of the Americas
CF	Canadian Forces
CFB	Canadian Forces Base
CFDS	*Canada First* Defence Strategy
CF LA	Canadian Forces Legal Advisor
CFO	Chief Financial Officer
C-IED	Counter-Improvised Explosive Device
CRP	Corporate Risk Profile
CSC	Canadian Surface Combatant
CTL	Critical Technologies List
	D
DES	Defence Environment Strategy
DFAIT	Department of Foreign Affairs and International Trade
DFO	Department of Fisheries and Oceans
DFSR	Defence Force Structure Review
DND	Department of National Defence
DPR	Departmental Performance Report
DSX	Defence Strategic Executive Committee
	E
EMC	Emergency Management Committee
ERP	Enterprise Resource Planning
	F
FLCS	Future Land Combat Systems
FTE	Full Time Equivalent
FSDS	Federal Sustainable Development Strategy
FME	Force Mobility Enhancement
FY	Fiscal Year
	G
GIS	Geographical Information System
	H
HCM	Halifax Class Modernization
	I
ICFR	Internal Control over Financial Reporting
IJC	International Security Assistance Force Joint Command
IM	Information Management
IMINT	Imagery Intelligence
IRB	Industrial Regional Benefit
IT	Information Technology
ISAF	International Security Assistance Force
ISSCF	In-Service Support Contracting Framework
IT&E	Individual Training and Education
	J
JAG	Judge Advocate General
JCR	Junior Canadian Rangers
JIATF(S)	Joint Interagency Task Force South
JIMP	Joint, International, Multinational and Public
JPSU	Joint Personnel Support Unit
JSF	Joint Strike Fighter
JSS	Joint Support Ship
	L
LAV	Light Armoured Vehicle
LPD	Learning and Professional Development
	M
MHLH	Medium-to-Heavy Lift Helicopter
MHP	Maritime Helicopter Project
MRP	Managed Readiness Plan
MRRS	Management, Resources and Results Structure
MSVS	Medium Support Vehicle System
MTCP	Military Training and Cooperation Program
MTTF	Mission Transition Task Force
	N
NATO	North Atlantic Treaty Organization
NCO	Non-Commissioned Officer
NORAD	North American Aerospace Defence
NRCan	Natural Resources Canada
NSPS	National Shipbuilding Procurement Strategy
NTM-A	NATO Training Mission-Afghanistan
	O
OGD	other government department
OSCE	Organization for Security and Co-operation in Europe
OSH	Operational Support Hub
	P
PAA	Program Activity Architecture
PCO	Privy Council Office
PIC	Policy on Internal Control
PJBD	Permanent Joint Board on Defence
PMF	Performance Measurement Framework
PS	Public Security
PSI	Proliferation Security initiative
PWGSC	Public Works and Government Services Canada
	Q
QR&Os	Queen's Regulation and Orders
	R
RCMP	Royal Canadian Mounted Police
RFP	Request for Proposals
RPP	Report on Plans and Priorities
RRC	Realty Replacement Cost
RTA	Research, Technology and Analysis
	S
S&T	Science and Technology
SAR	Search and Rescue
SDF	Security and Defence Forum
SDS	Sustainable Development Strategy
SHAPE	Supreme Headquarters Allied Powers Europe
SISIP	Service Income Security Insurance Plan
SPG	Strategic Planning Guidance
SOIN	Spaceborne Ocean Intelligence Network
	T
TAPV	Tactical Armoured Patrol Vehicle
TBS	Treasury Board Secretariat
	U
UK	United Kingdom
UN	United Nations
US	United States
UUV	Unmanned Underwater Vehicle
UXO	Unexploded Explosive Ordnance
	V
VAC	Veterans Affairs Canada
	W
WMB	Workforce Management Board

ENDNOTES

[1] The Department of National Defence (DND) and the Canadian Forces (CF) and the organizations and agencies that make up the full Defence portfolio are collectively referred to as Defence

[2] http://laws.justice.gc.ca/en/N-5/index.html

[3] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=18218&section=text

[4] http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5726

[5] Notes on Full Time Equivalents:

- Unless otherwise indicated, Military FTEs (Full Time Equivalents) represent Vote 1 and Vote 5 Regular Forces and include Class "C" Primary Reserve Forces.
- Military FTEs are derived from a representative financial formula, as there is not a consistent 1:1 relationship between FTEs and program activities.
- Attribution of military personnel to Program Activity is calculated centrally by a compilation of Unit/Command/Departmental personnel data to derive Corporate percentage attribution factors that represent strength distribution as of 31 March 2011. This method is consistent with the attribution factors utilized in preparation of the Report on Plans and Priorities. The military figures for each PAA element are not wholly aligned to the associated Level One OPI, as other Level Ones may perform Sub-Activities in support of other Activities.
- Civilian workforce is planned through a Salary Wage Envelope (SWE).
- Please note that the military and civilian FTE numbers in this DPR are not consistent 1:1 with the FTE numbers used for the allocation of the financial resources approved for the 2009-10 Annual Reference Level Update (ARLU).
- Civilian workforce planned FTEs include forecasted growth projections and are subject to final budgetary approval.
- Civilian FTEs include National Defence and Defence portfolio organizations.
- Reprioritization of operational and/or management initiatives within the fiscal year may result in the reallocation of personnel to other program activities, as required.
- Due to the methodology used to derive the HR attribution across the PAA, the overall totals for the HR financial data will not be an exact match with the financial tables. Where discrepancies occur, the financial tables take precedence.

[6] Performance Status Legend:

- **Exceeded**: More than 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
- **Met All**: 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
- **Mostly Met**: 80 to 99 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
- **Somewhat Met**: 60 to 79 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.
- **Not Met**: Less than 60 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result identified in the corresponding RPP was achieved during the fiscal year.

[7] www.forces.gc.ca/site/focus/first-premier/index-eng.asp

[8] The Prime Minister's expression "web of rules" has come to symbolise what happens when rules become a barrier to good government. In government, this happens when our response to a crisis is to pile on more rules - rules that become difficult to follow and slow things down, rules that blur accountabilities, and in the end, rules that encourage people to stop using their judgement.

[9] http://www.forces.gc.ca/site/pri/2/accord-eng.asp

[10] http://www.toronto.drdc-rddc.gc.ca/about-apropos/fact/t31-eng.pdf

[11] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12042&section=text

[12] JOINTEX (Joint Exercise) is a series of exercises directed by the CDS with the twin aims of exercising the execution of CF Joint Operations at the Operational Level, and acting as a catalyst for further joint development within the CF.

[13] http://www.army.forces.gc.ca/Chief_Land_Staff/1_Canadian_Division/nr-rn/NR2-eng.asp

[14] http://www.publicsafety.gc.ca/prg/em/ferp-eng.aspx#a28

[15] http://www.forces.gc.ca/site/news-nouvelles/news-nouvelles-eng.asp?cat=00&id=3346

[16] http://www.canadacom.forces.gc.ca/daily/archive-nunakput-eng.asp

[17] http://www.forces.gc.ca/site/news-nouvelles/news-nouvelles-eng.asp?cat=00&id=3521

[18] http://www.forces.gc.ca/site/commun/ml-fe/article-eng.asp?id=6317

[19] http://www.forces.gc.ca/site/news-nouvelles/news-nouvelles-eng.asp?id=298

[20] http://www.canadacom.forces.gc.ca/par-par/canus-caneu/frm-frm-eng.asp

[21] http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N11/245/58/PDF/N1124558.pdf

[22] http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N11/268/39/PDF/N1126839.pdf

[23] http://www.international.gc.ca/americas-ameriques/index.aspx
[24] http://www.international.gc.ca/arms-armes/nuclear-nucleaire/psi-isp.aspx?lang=eng
[25] https://www.cfpsa.com/en/psp/DMFS/docs/2010_in_review/DMFS%202010%20in%20Review%20E.pdf
[26] http://www.sisip.ca/en/
[27] http://www.cmp-cpm.forces.gc.ca/dln-rad/ps/lcc-cac/index-eng.asp
[28] http://www.admfincs.forces.gc.ca/dao-doa/5000/5031-50-eng.asp
[29] http://www.cefcom.forces.gc.ca/pa-ap/ops/hestia/index-eng.asp
[30] http://www.canadacom.forces.gc.ca/spec/lama-eng.asp
[31] http://www.comfec-cefcom.forces.gc.ca/pa-ap/ops/saiph/index-eng.asp
[32] http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=4BADBA30-1
[33] http://www.federalcontaminatedsites.gc.ca/index-eng.aspx
[34] http://www.on.ec.gc.ca/epb/fpd/cpb/3014-e.html
[35] Internal Services are defined by Treasury Board Secretariat and standardized across the Government of Canada.
[36] http://www.cfd-cdf.forces.gc.ca/sites/page-eng.asp?page=6207
[37] http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?section=text&id=15024
[38] http://www.forces.gc.ca/site/Commun/ml-fe/article-eng.asp?id=6806
[39] http://www.parl.gc.ca/HousePublications/Publication.aspx?Pub=Bill&Doc=C-25_4&Language=&Mode=1&Parl=36&Ses=1
[40] http://laws.justice.gc.ca/PDF/2008_29.pdf
[41] http://www.admfincs.forces.gc.ca/qro-orf/index-eng.asp